



North East Combined Authority, Transport North East Committee

Thursday 13th July, 2017 at 2.00 pm

Meeting to be held in a Committee Room, North Tyneside Council, Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY

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AGENDA

Page No

1. **Apologies for Absence**

2. **Declarations of Interest**

Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be handed to the Democratic Services Officer).

Please also remember to leave the meeting where any personal interest requires this.

3. **Minutes of the Previous Meeting held on 20 April 2017** 1 - 4

4. **Appointment of Vice-Chair From the Tyne and Wear Constituent Local Authorities** 5 - 8

5. **Transport for the North (TfN) - Incorporation as a Sub-national Transport Body** 9 - 28

6. **Northern Powerhouse Rail (NPR) - NECA Position** 29 - 38

7. **North East Rail Projects Update** 39 - 48

8. **Metro Futures update and Fleet Procurement Strategy** 49 - 58

9. **Bus fares for young people - work stream update** 59 - 64

10. **Air Quality issues in the NECA area** 65 - 82

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12.	The Go Smarter programme	91 - 96
13.	Transport Plan for the North East	97 - 100
14.	City Regions Transport Network	101 - 104
15.	Capital Programme 2016/17 Outturn and Capital Programme 2017/18 Update	105 - 124
16.	Revenue Budget 2016/17 Outturn and Revenue Budget 2017/18 Update	125 - 142
17.	Date and Time of Next Meeting	
	16 November 2017, 2.00pm at the Civic Centre, Newcastle upon Tyne, NE1 8QH	
18.	Exclusion of Press and Public	
	Under section 100A and Schedule 12A Local Government Act 1972 because exempt information is likely to be disclosed and the public interest test against disclosure is satisfied.	
19.	Transport for the North (TfN) - Incorporation as a Sub-National Transport Body - Background Information	143 - 150

Contact Officer: Lynn Camsell Tel: 0191 211 6146 E-mail: lynn.camsell@northeastca.gov.uk

To All Members

North East Combined Authority, Transport North East Committee

20 April 2017

(2.00 - 3.25 pm)

Meeting held Committee Room, County Hall, Morpeth, NE61 2EF

Present:

Councillor: N Foster (Chair)

Councillors: J Harrison, A Hepple, M Brain, M Green, G Hobson, J McCarty,
M Mordey, A Sambrook, E Tomlinson and A West

89 APOLOGIES FOR ABSENCE

Apologies were received from Cllr Forbes (Newcastle) and Cllr S Green (Gateshead)

90 DECLARATIONS OF INTEREST

None

91 MINUTES OF THE PREVIOUS MEETING HELD ON 9 FEBRUARY 2017

The minutes of the previous meeting held on 9 February 2017 were agreed as a correct record and signed by the Chair.

Matters arising - Minute 79 (page 2) refers: 'Officers noted suggested amendments and the request that the amended report be recirculated to all members of TNEC'

It was agreed that the amended report be recirculated to members.

92 NETWORK RAIL PRESENTATION

Submitted: Report of the Lead Chief Executive for Transport (previously circulated and a copy attached to the Official Minutes).

At its last meeting the Committee invited Network Rail to a future meeting to discuss:

- The investment choices submitted to the Department for Transport (DfT) for the next control period 2019 – 2024.

- The draft outcomes from the East Coast Route Study and the Strategy for the North of England Route Study.
- An update on projects within the North East.

During discussion members commented on Sunderland Station, an important priority for Sunderland City Council, which has partial funding but requires support from Network Rail. In terms of working priorities, the high costs of a small station such as Gilsland was questioned especially when compared to the costs for the Ashington, Blyth and Tyne line. Reference was made to increased future economic growth and the transport systems that will be required to support developments but which will be in competition with other lines such as HS2.

RESOLVED - that the contents of the presentation be noted.

93 **TRANSPORT FOR THE NORTH UPDATE**

Submitted: Report of the Lead Chief Executive for Transport (previously circulated and a copy attached to the Official Minutes).

The report recapitulated the background to TfN, its activities and programme and the role of NECA within it. The Secretary of State for Transport had responded positively to the proposal to become a statutory Sub-National Transport Body.

RESOLVED – that the Committee noted the contents of the report and agreed to receive a further report at its next meeting in relation to formal governance proposals of Transport for the North as a statutory Sub-National Transport Body.

94 **METRO FLEET SPECIFICATION UPDATE**

Submitted: Report of the Lead Chief Executive for Transport (previously circulated and a copy attached to the Official Minutes).

Members considered the report which provided a proposal for a high level specification for the new fleet of Metrocars for the Tyne and Wear Metro which takes account of customer feedback following Nexus' extensive market research.

A member queried whether the proposed seating layout would provide an adequate number of seats for passengers making longer journeys. Officers agreed to investigate this further, and to bring back further information before a final decision was taken.

RESOLVED – that further information be brought to a future meeting, at which point the recommendation would be considered again.

95 **TRANSPORT PLAN FOR THE NORTH EAST**

Submitted: Report of the Lead Chief Executive for Transport (previously circulated and a copy attached to the Official Minutes).

Consideration was given to the report which provided an update to the report considered by Committee in February regarding the next steps for the Transport Plan.

Members were informed of progress since the last meeting:

- Individual meetings had taken place between the relevant officer and Lead Member from each Council to further discuss the Plan and receive comments.
- A workshop for relevant officers had taken place on 13 February.
- Comments arising from the meetings and the officer workshop were being analysed and incorporated into a further revised draft Plan wherever possible.

The latest draft Plan for adoption was to be presented to the Leadership Board at its meeting on 19 September 2017.

In discussion Members sought assurances that the aims of the air quality strategy to protect health and the environment were included in the Plan and enquired as to whether the draft Plan would be brought back to the Transport North East Committee.

RESOLVED – that the Committee noted the report and endorsed the next steps in development of the Plan.

96 **GO SMARTER UPDATE**

Submitted: Report of the Lead Chief Executive for Transport (previously circulated and a copy attached to the Official Minutes).

Members considered the report which outlined the delivery of NECA's Sustainable Travel Transition Year 2016 – 2017 and described the development of legacy proposals that will take forward and mainstream a number of these initiatives in the absence of Access Funding.

A presentation was also received detailing some of the projects undertaken to promote sustainable travel choices including the following:-

- School Active Travel
- Smarter Ways into Work
- Career Travel Projects
- Make the Switch

RESOLVED – that the report be noted and further report on the legacy proposals for the Go Smarter programme be brought back to the July committee meeting.

97 **DISCHARGE OF TRANSPORT FUNCTIONS BY DURHAM COUNTY COUNCIL**

Submitted: Report of the Vice Chair – Portfolio for Transport for Durham County Council (previously circulated and a copy attached to the Official Minutes).

Members considered the report the purpose of which was to advise the Committee of how Durham County Council had discharged the transport functions delegated to it by NECA for the 2016/17 year.

RESOLVED – that the report be noted.

98 DISCHARGE OF TRANSPORT FUNCTIONS BY NORTHUMBERLAND COUNTY COUNCIL

Submitted: Report of the Chief Executive, Northumberland County Council (previously circulated and a copy attached to the Official Minutes).

Members considered the report which provided an update on the discharge of delegated functions at Northumberland County Council for the financial year 2016/17.

RESOLVED – that the report be noted.

99 CAPITAL PROGRAMME 2016-17 UPDATE

Submitted: Report of the Chief Finance Officer (previously circulated and a copy attached to the Official Minutes).

Consideration was given to the monitoring update on delivery of the 2016/17 Transport capital programme.

RESOLVED - that the contents of the report be noted.

100 REVENUE BUDGET 2016-17 UPDATE

Submitted: Report of the Chief Finance Officer (previously circulated and a copy attached to the Official Minutes).

P Woods briefly outlined the report which provided an update in relation to the 2016/17 revenue budget as at the end of February 2017.

RESOLVED – that the report be noted.

101 DATE AND TIME OF NEXT MEETING

13 July 2017 at 2.00pm

Transport North East Committee

Date: 13 July 2017

Subject: Appointment of Vice-Chair From the Tyne and Wear Constituent Local Authorities

Report of: Monitoring Officer

Executive Summary

The purpose of this report is to invite the Transport North East Committee to appoint its Vice-Chair from the Tyne and Wear constituent local authorities for the municipal year 2017/18. This Vice-Chair will also undertake the role of Chair of the Transport North East (Tyne and Wear) Sub-Committee (TWSC). The Committee is also invited to appoint the Vice-Chair of TWSC or, alternatively, delegate the appointment of the Vice-Chair to TWSC.

Recommendations

The Transport North East Committee is recommended:

- i. To appoint its Vice-Chair from the Tyne and Wear constituent local authorities for the municipal year 2017/18, who will also undertake the role of Chair of the Transport North East (Tyne and Wear) Sub-Committee for the same municipal year; and
- ii. To appoint Vice-Chair for the Transport North East (Tyne and Wear) Sub-Committee for the municipal year 2017/18 or, alternatively, delegate the appointment of the Vice-Chair to the Sub-Committee.

Transport North East Committee

1. Background Information

- 1.1 Under the Constitution of the North East Combined Authority (the Authority), the Leadership Board is the decision-making body of the Authority subject to any delegated authority that it has given to other decision making bodies or chief officers.
- 1.2 At the Annual Meeting on 20 June 2017, the Leadership Board confirmed the membership of the Transport North East Committee (TNEC), in accordance with the nominations received from the constituent local authorities, and agreed that the three Vice-Chairs of TNEC will be the portfolio holders with responsibilities for transport from the constituent local authorities from (i) Durham, (ii) Northumberland and (iii) Tyne and Wear.
- 1.3 The Leadership Board also endorsed the approach that the Vice-Chair of TNEC representing Tyne and Wear will undertake the role of Chair of the Transport North East (Tyne and Wear) Sub-Committee (TWSC).
- 1.4 At the same meeting, the Leadership Board delegated the responsibility for the appointment of the TNEC Vice-Chair from the Tyne and Wear constituent authorities for the municipal year 2017/18 to TNEC.
- 1.5 The Leadership Board also delegated the responsibility to TNEC to appoint the Vice-Chair of TWSC.

2. Proposals

- 2.1 TNEC is recommended to appoint its Vice-Chair from the Tyne and Wear constituent local authorities for the municipal year 2017/18, who will be the Chair of TWSC for the same municipal year.
- 2.2 TNEC is also recommended to appoint Vice-Chair for TWSC for the municipal year 2017/18 or, alternatively, delegate the appointment of the Vice-Chair to TWSC.

3. Reasons for the Proposals

- 3.1 The proposals would support effective governance.

4. Alternative Options Available

- 4.1 With regard to the appointment of Vice-Chair of TWSC, TNEC is recommended to either make the appointment or delegate the appointment to TWSC.

Transport North East Committee

5. Next Steps and Timetable for Implementation

- 5.1 The appointments, once made, will enable the Vice-Chairs to undertake their roles and the Vice-Chair from the constituent local authorities from Tyne and Wear to undertake the role of Chair of TWSC.

6. Potential Impact on Objectives

- 6.1 The appointments will enable the Authority to properly discharge its functions.

7. Financial and Other Resources Implications

- 7.1 There are no specific financial implications arising from these recommendations.

8. Legal Implications

- 8.1 Provision is made for the appointment of Vice-Chairs within the NECA Constitution.

9. Key Risks

- 9.1 There are no specific risk management implications arising from this report.

10. Equality and Diversity

- 10.1 There are no specific equality and diversity implications arising from this report.

11 Crime and Disorder

- 11.1 There are no specific crime and disorder implications arising from this report.

12. Consultation/Engagement

- 12.1 The proposals contained within the report have been subject to consideration by the Leaders and the Elected Mayor at appropriate points during the period leading up to the annual meeting of the Authority.

13. Appendices

- 13.1 There are no appendices.

Transport North East Committee

14. Background Papers

- 14.1 The Constitution of the North East Combined Authority; and Draft Minutes of the Annual Meeting of the North East Combined Authority, 20 June 2017.

15. Contact Officers

- 15.1 Vivienne Geary, Monitoring Officer,
E-mail: viv.geary@northtyneside.gov.uk Tel: 0191 643 5339

16. Sign off

- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓

Transport North East Committee

Date: 13 July 2017

Subject: Transport for the North (TfN) – Incorporation as a Sub-national Transport Body

Report of: Thematic Lead for Transport and Digital Connectivity

Executive Summary

The purpose of this report is to provide Members of the Committee with details on the developments in the process to enable Transport for the North (TfN) to become a Sub-national Transport Body under section 102E of the Local Transport Act 2008. A report is being presented to Leadership Board on the 18th July seeking the Leadership Board's consent to the making of Regulations by the Secretary of State to allow Transport for the North (TfN) to become a Sub-national Transport Body (STB). Members are therefore asked to consider the details of the report and provide advice to the Leadership Board as appropriate.

In July 2016 the Leadership Board agreed in principle that, subject to further development of TfN's Proposal to become an STB with central government, the NECA should become a full member of the proposed statutory body. This report moves that decision forward in light of the Secretary of State's positive response to the Proposal put to him by NECA and other Constituent Authorities.

Transport North East Committee

Recommendations

The Transport North East Committee are recommended to consider the contents of this report and advise Leaders who, at the Board meeting on the 18th July, will be asked to provisionally consent to:

- i. The making by the Secretary of State of Regulations under section 102E of the Local Transport Act 2008 to establish Transport for the North as a Sub-National Transport Body;
- ii. The transfer of Rail North Limited to Transport for the North so that it can be subsumed within Transport for the North;
- iii. The signing of a new Rail Franchise Management Agreement with Transport for the North replicating as far as possible the current Rail North Limited Members Agreement; and
- iv. Continuation of the payment of the current funding for Rail North Limited to Transport for the North after its inauguration.

The Leadership Board will be further recommended to agree that:

- v. Delegated authority is given to the Head of Paid Service to fully consent to items (i) to (iv) on the Leadership Board's behalf, provided that she is satisfied, in consultation with the Chair of the Leadership Board and the Monitoring Officer, that the final draft Regulations serve only to give Transport for the North the statutory powers to carry out the functions set out in paragraph 1.3; and
- vi. That the Thematic Lead for Transport be designated as NECA's main representative, and that Councillor Carl Marshall be designated as NECA's alternate representative, on Transport for the North.

Transport North East Committee

1. Background Information

- 1.1 The purpose of this report is to update the Transport North East Committee on the progress of Transport for the North (TfN) in its proposal to become a Sub-National Transport Body (STB); to outline the process by which TfN is intended to become an STB and the part that NECA may play in it; and to inform Members of the committee prior to seeking the Leadership Board's consent to the making of Regulations by the Secretary of State to allow TfN to become an STB.

Further background information regarding the proposals set out in this report, along with a description of TfN's role and purpose, can be found in **Appendix 1**.

- 1.2 At its meeting on the 19th July 2016, the Leadership Board considered a report concerning TfN's proposal to become a statutory body. The Board resolved that:

- i. The Leadership Board supports Transport for the North's proposal to become a statutory body with devolved powers and agrees that the proposal would be submitted to central government;
- ii. The Leadership Board agrees, in principle, that, subject to further development of the proposal with central government, the North East Combined Authority should become a full member of the proposed statutory body; and
- iii. The Chief Executive Officer for Transport be authorised, in consultation with the Thematic Lead for Transport, to progress the proposal with a view to a further report being brought to the Leadership Board before NECA makes a final decision to become a full member of the statutory body.

- 1.3 Subsequent to this resolution and similar resolutions from TfN's other Constituent Authorities a Proposal was submitted to the Secretary of State for Transport.

The Secretary of State has now formally responded to the Proposal and has indicated that he is minded to make Regulations creating TfN as the first Sub-National Transport Body with the following functions:

- a) The preparation of a Northern Transport Strategy;
- b) The provision of advice on the North's priorities, as a Statutory Partner in the Department's investment processes;
- c) The coordination of regional transport activities, (such as smart ticketing), and the co-management of the TransPennine Express and Northern rail franchises through the acquisition of Rail North Ltd.

A complete list of the powers and functions that are expected to be granted to TfN through the Regulations is available in **section 6.5 of Appendix 1**.

Transport North East Committee

- 1.4 A core aspect of the powers and functions of TfN is that Rail North Limited will be subsumed by TfN. The additional level of local involvement with the local rail network that has been achieved by the creation of the 'North East Rail Management Unit' (NERMU) will be preserved through the creation of a Rail North (North East) Area Sub Committee.
- 1.5 At the time of writing this report the legislative Regulations are currently being drafted which reflect the terms of the Proposal in so far as they have been agreed by the Secretary of State and will give TfN the statutory powers to carry out these functions. It is expected that the drafting of the Regulations will be concluded in July or August. The NECA Heads of Legal Services have had meetings with TfN and the Department for Transport (DfT) regarding the initial draft, which is attached at **Appendix 2**.
- 1.6 It is anticipated that the Secretary of State will send a letter to each of the Constituent Authorities requesting formal consent to the making of the Regulations to be provided by early September 2017.
- 1.7 A draft Constitution for TfN has also been drawn up which includes provisions that reflect and implement the Submission Proposal. It is proposed that the Constitution is approved at the inaugural meeting of TfN when it is formally created as a Sub-National Transport Body during 2018. An outline of the draft Constitution is included in **section 6 of Appendix 1**.
- 1.8 It is anticipated that the first formal meeting of TfN will take place following the making of the Regulations, and that that meeting will formally approve the Constitution.
- 1.9 The Proposal noted that all Constituent Authorities will be entitled to appoint a representative to TfN, such representative to normally be the Elected Mayor, Leader or Member with delegated responsibility for transport. In addition, the NECA will need to nominate an alternate member. The NECA representative and their alternate would represent NECA on:
- TfN Partnership Board;
 - Rail North Committee (which will effectively replace the previous 'Association of Rail North Authorities')
 - Rail North Sub Committee (which will effectively replace the previous 'Rail North Limited Board')
 - Rail North (North East) Area Sub Committee (which will effectively replace the 'North East Rail Management Unit (NERMU) Board').

2. Proposals

- 2.1 Leaders will be asked to provisionally consent to the making by the Secretary of State of Regulations under section 102E of the Local Transport Act 2008 to establish TfN as a Sub-National Transport Body.
- 2.2 TfN are carrying out further work to develop the Regulations, but the final version of

Transport North East Committee

the Draft Regulations is not expected to be available before the next meeting of the Leadership Board. Therefore, Leaders will also be asked to give delegated authority to the Head of Paid Service to provide full consent to the Regulations on the Leadership Board's behalf when the final draft Regulations are available. In determining whether to do so she will consult with the Chair of the Leadership Board and the Monitoring Officer, and satisfy herself that the final draft Regulations serve only to give Transport for the North the statutory powers to carry out the functions intended for it, and that they do not prejudice the NECA's interests.

2.3 The Leadership Board will also be asked to consent to transfer the functions and powers of Rail North to TfN. At present the Constituent Authorities and the Rail North Authorities make the Rail North Support Payment, and the Authorities in receipt of Rail Administrative Grant make the Rail North Supplemental Payment, to support Rail North Limited. Upon TfN assuming the responsibilities and functions of Rail North Limited it is proposed that these payments will continue to be made to TfN to enable it to continue to support rail franchise management.

2.4 Finally it will be proposed that the Thematic Lead for Transport be designated as NECA's main representative, and that Councillor Carl Marshall be designated as NECA's alternate representative, on TfN.

3. Reasons for the Proposals

3.1 The proposals are being put forward to enable TfN to become a Sub-national Transport Body so as to improve transport in the North of England. Further information is provided in **Appendix 1**.

The main benefit to NECA of being a part of TfN is the added influence a Sub-National Transport Body can have with the DfT and the national delivery agencies of Network Rail and Highways England when setting and allocating national infrastructure delivery spending.

3.2 In July 2016 the Leadership Board agreed in principle that, subject to further development of the proposal with central government, the NECA should become a full member of the proposed statutory body. These proposals move that decision forward in light of the Secretary of State's positive response to the Proposal put to him by NECA and other Constituent Authorities.

4. Alternative Options Available

4.1 Option 1 – The North East Transport Committee may advise the Leadership Board to accept the recommendation set out in paragraphs (i) - (vi) above.

4.2 Option 2 – The North East Transport Committee may advise the Leadership Board not to accept the recommendations set out in paragraphs (i) - (vi) above.

4.3 Option 1 is the recommended option. If NECA were to decide not to become part

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of TfN, TfN would have no remit to work to improve the economy of the North East. Its Strategic Transport Plan would assume that the North East was a neighbouring area (much as it currently does for Scotland and the Midlands) and would therefore not propose or advocate investment in the NECA's transport assets to DfT, Highways England or Network Rail. TfN projects such as Northern Powerhouse Rail and Smart ticketing would not include the North East in their scope, and studies to consider ways to promote economic growth through transport would not consider benefits to the North East.

Whilst clearly the NECA would have the same opportunities open to it as today to make the case itself for investment in its transport links and assets, it would be doing so in competition with TfN and other Sub-National Transport Bodies which would be much larger than NECA and far better resourced.

5. Next Steps and Timetable for Implementation

5.1 Following on from the North East Committee, if the Leadership Board agrees to the recommendations set out in this report, the next steps are expected to be as follows:

- TfN will produce final draft Regulations, expected to be in July or August;
- Subject to the final draft Regulations being satisfactory to the Head of Paid Service as set out in paragraph 2.2, TfN will be notified that NECA is content to consent to the Regulations;
- It is anticipated that the Secretary of State will send a letter to each of the Constituent Authorities requesting formal consent to the making of the Regulations to be provided by early September 2017;
- It is anticipated that the first formal meeting of TfN will take place following the making of the Regulations, and that that meeting will formally approve the Constitution.

6. Potential Impact on Objectives

6.1 As a member of the Sub-national Transport Body, NECA would have access to additional resources to develop strategic infrastructure projects with the purpose of facilitating economic growth in line with the Strategic Economic Plan and the Local Transport Plan. As a Statutory Partner in the Department's investment processes, TfN will be able to provide advice on the North's priorities and influence the investment plans of Highways England and Network Rail.

7. Financial and Other Resources Implications

Transport North East Committee

- 7.1 TfN is funded through government grant and, although future funding decisions will remain the responsibility of the government at the time, establishing TfN in statute ensures it has the stability and permanence to be confident of long term central Government support.
- 7.2 At present the Constituent Authorities and the Rail North Authorities make the Rail North Support Payment and the Authorities in receipt of rail administrative grant make the Rail North Supplemental Payment to support Rail North Limited. Upon TfN assuming the responsibilities and functions of Rail North Limited, these payments will continue to be made to TfN to enable it to continue to support rail franchise management.
- 7.3 The Submission Proposal provides that the Constituent Authorities may all agree to contribute to the costs of TfN in the future. However, a decision to raise such contributions and the amount would require a unanimous decision of the Constituent Authorities and could only be taken after written consent to the proposal has been received from each of the Constituent Authorities.
- 7.4 Unless unanimously agreed otherwise, the apportionment of any financial contributions would be determined on the basis of the Resident Populations of each of the Constituent Authorities. TfN would be entitled to accept voluntary contributions towards its costs from any of the Constituent Authorities.

8. Legal Implications

- 8.1 This report outlines the legal procedures and implications if NECA wishes to play its part as a full member of Transport for the North as it becomes a Sub-National Transport Body.
- 8.2 The Regulations to enable TfN to become a statutory Sub-National Transport Body are being drafted jointly by DfT and TfN officials. The Monitoring Officer and some of the Constituent Authorities' legal officers have had initial discussions with those assisting with the drafting of the Regulations. It is proposed that the Head of Paid Service in consultation with the Chair of the Leadership Board and the Monitoring Officer will approve or otherwise the final drafting of the Regulations, if Leaders are minded to delegate that authority as recommended in this report.

9. Key Risks

- 9.1 When the Northern Powerhouse was being championed by the government and particularly the Chancellor of the day, George Osborne, there was significant impetus behind the development of the concept and the drive to form TfN. Since then the government's interest appears to have cooled and with the uncertainty following the general election, it may become less of a political priority and thus the benefits may not materialise as envisaged.
- 9.2 In a national context, the less populated areas often receive less investment than

Transport North East Committee

more populated (congested) areas. One of the risks of joining TfN is that this situation is repeated but in a northern context, with Manchester, the M62 corridor and the North West rail network benefitting the most. That said, it is unlikely that this risk would be mitigated by deciding not to join TfN – on the assumption that most, or all, other authorities do indeed join then the NECA would have no ability at all to press its case for TfN to prioritise investment. The voting metrics do give some mitigation against the concentration of funding as does the corridor and network approach being taken through the development of the Strategic Transport Plan.

- 9.3 Currently there is no direct funding contribution from NECA to TfN, although significant officer and member time is invested in it. TfN funding from DfT is only guaranteed until 2020, thus the financial future of TfN is uncertain. There could be a risk that in the future TfN seek local financial contributions to enable it to continue. It should be noted however that under the proposed governance model, this would require unanimous consent from all member authorities. In addition, TfN will not have the ability to raise precepts or levies from constituent authorities.

10. Equality and Diversity

- 10.1 The development and delivery of the emerging schemes aim to improve road and rail connectivity for all and as such do not negatively impact on Equality and Diversity.

11. Crime and Disorder

- 11.1 Safety and Security are fundamental consideration in the design of new services and facilities and thus impacts will be assessed for individual projects at the appropriate stage of development.

12. Consultation/Engagement

- 12.1 Legal Officers have been consulted and involved in the governance process and will review the regulations once they are drafted. The NECA lead legal officer has also assisted with the drafting of this report. Prior to the drafting of this report the Chief Executive officer were briefed on Transport for the North and the outline governance proposals
- 12.2 There will be no public consultation on the Regulations as this is a parliamentary process led by the Secretary of State, who will formally ask each constituent authority to sign up to the Regulations to make TfN a Statutory Transport Body.

13. Other Impact of the Proposals

- 13.1 As each of the projects and plans of TfN become more defined, environmental and economic impacts and analysis will form key considerations when options are being considered.

14. Appendices

Transport North East Committee

Appendix 1: Background information regarding TfN's proposals

Appendix 2: Draft Regulations as at 21st June 2017

15. Background Papers

Report to the Leadership Board on 19th July 2016

16. Contact Officers

16.1 Tobyn Hughes, Managing Director (Transport Operations),

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Tel: 0191 203 3203

16.2 John Softly, Assistant Director Legal Services, Resources Directorate, Newcastle City Council

john.softly@newcastle.gov.uk

Tel 0191 2777047

17. Sign off

- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓

18. Glossary

TfN – Transport for the North

STB – Sub-national Transport Body

NECA – North East Combined Authority

DfT – Department for Transport

NERMU – North East Rail Management Unit

NPR – Northern Powerhouse Rail

LEP – Local Enterprise Partnership

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Transport for the North – Incorporation as a Sub-National Transport Body

1. Purpose of the Report

- 1.1 The purpose of this report is for Members to consent to the making of Regulations by the Secretary of State to establish Transport for the North as a Sub –National Transport Body under section 102E of the Local Transport Act 2008. The consent of each Constituent Authority is required to the making of Regulations by the Secretary of State.
- 1.2 Members are also asked to approve in principle the transfer of Rail North Limited to TfN following its inauguration and the signing of a new Rail Franchise Management Agreement with TfN replicating as far as possible the arrangements entered into in respect of Rail North Limited.

2. Background

- 2.1 Getting transport right is central to achieving the Northern Powerhouse ambition which is itself central to a successful UK industrial strategy. A world class transport system linking towns and cities across the North will create a unified economic area, attracting new business, improving productivity in the North and thereby rebalancing the UK economy.
- 2.2 There has been long term underperformance of the Northern economy when compared with other parts of the UK. There is a significant economic performance gap between the North and the rest of the UK economy – a difference in income of £4,800 per person in 2014, compared with the national average, and £22,500 compared with London. Having been on a downward trend since the early 2000s, the gap has widened since the 2008/09 recession.
- 2.3 Productivity accounts for the largest proportion of the ‘performance gap’, driven by an underdeveloped skills base, under-investment by the private sector and low enterprise rates. This has worsened since the recession, in part due to out-migration of skilled workers to the southern regions where employment prospects are better.
- 2.4 Poor connectivity is central to understanding the economic challenges of the North. There is disproportionately low investment in the North compared with London and other city regions across Europe. A series of studies have shown how investing in transport infrastructure can unlock the economic potential of the North.

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- 2.5 The Independent Economic Review of the Northern Powerhouse shows the scale of the benefits to the UK of closing the productivity gap. Advances in productivity, driven by key sectors of digital technologies, health innovation energy and advanced manufacturing have the potential to transform the North of England's economy adding £97 billion and 850,000 jobs by 2050.
- 2.6 The North has had no way of agreeing strategic priorities, with the responsibility for transport divided over many organisations at different geographical levels. This has made it hard to properly consider and prioritise the right strategic transport interventions to transform economic growth at the regional scale. As a result, the North has been unable to speak with one clearly evidenced voice to Government on its transport priorities in Spending Rounds or rail and road investment plans.
- 2.7 To address these concerns in 2014 Local Transport Authorities and Local Enterprise Partnerships across the North of England came together in partnership with the Department for Transport and the National Transport Agencies to form Transport for the North (TfN). Together they have developed an ambitious pan-northern transport strategy to drive economic growth in the North. The purpose of TfN is to transform the transport system of the North of England and the aim of TfN is to plan and deliver the improvements needed to truly connect the region with fast, frequent and reliable transport links, driving economic growth and creating a Northern Powerhouse.
- 2.8 The ambition of TfN over time is to achieve significant devolution of transport responsibilities for the North of England and specifically to:
- Develop and deliver a multi-modal, integrated strategic transport plan that drives transformational economic growth in the North;
 - Set the strategic outcomes, outputs and priorities for the North of England's rail infrastructure and strategic road network; and
 - Determine specifications and contracts for future rail service franchises in the North of England.
- 2.9 As part of this programme of improvements and devolution of transport strategy to a more local level the Local Transport Authorities came together to form Rail North Limited a company whose objects include the management of the TransPennine Express and Northern Rail Franchises on behalf of the Secretary of State for Transport.
- 2.10 In October 2016 with the agreement of all the Constituent Authorities TfN submitted a proposal to the Secretary of State for Transport that TfN should be established as the first Sub-national Transport Body (STB) under the provisions of section 102E of the Local Transport Act 2008 as amended by the Cities and Local Government Devolution Act 2016.
- 2.11 The 19 Constituent Authorities of TfN are:

Greater Manchester Combined Authority
Liverpool City Region Combined Authority
North East Combined Authority
Sheffield City Region Combined Authority
Tees Valley Combined Authority
West Yorkshire Combined Authority
Cumbria County Council
Lancashire County Council
North Yorkshire County Council
Blackburn with Darwen Unitary Authority
Blackpool Unitary Authority
Cheshire East Unitary Authority
Cheshire West and Chester Unitary Authority
Warrington Unitary Authority
City of York Unitary Authority
East Riding of Yorkshire Unitary Authority
Hull Unitary Authority
North Lincolnshire Unitary Authority
North East Lincolnshire Unitary Authority

3. The Submission Proposal

- 3.1 The Proposal submitted by the Constituent Authorities included the following key provisions:
- a) All Constituent Authorities will be entitled to appoint a representative to TfN, such representative to normally be the Elected Mayor, Leader or Member with delegated responsibility for transport;
 - b) Decisions will be expected to be unanimous but where voting is required votes will be weighted in accordance with the populations of the Constituent Authorities;
 - c) Decisions in relation to the Budget, the adoption of a Transport Strategy and the Constitution will require a Super Majority;
 - d) Funding will be provided by the Secretary of State and no decision to require financial contributions from Constituent Authorities can be made without the agreement of each Authority;
 - e) There will be appropriate mechanisms for Scrutiny of TfN's decisions;
 - f) Rail North Limited will be wholly owned by TfN;
 - g) A wider Partnership Board including representatives of government bodies and the LEPs will be set up to inform TfN's decision making.

4. The Secretary of State's Response

- 4.1 The Secretary of State has now formally responded to the Proposal and has indicated that he is minded to make Regulations creating TfN as the first Sub-national Transport Body with the following functions:
- a) The preparation of a Northern Transport Strategy;

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- b) The provision of advice on the North's priorities, as a Statutory Partner in the Department's investment processes;
 - c) The coordination of regional transport activities, (such as smart ticketing), and the co-management of the TransPennine Express and Northern rail franchises through the acquisition of Rail North Ltd.

5. The Draft Regulations

- 5.1 TfN are positively engaging with the Department for Transport to ensure that the draft regulations reflect the terms of the Proposal in so far as they have been agreed by the Secretary of State and will give TfN the statutory powers necessary to carry out these functions. Engagement thus far has provided TfN with confidence that the regulations will do this, however TfN will continue to work closely with the Department as this work progresses, and will of course update Constituent Authorities as soon as possible with any further information.

6. The Draft Constitution

- 6.1 A Draft Constitution has been drawn up which includes provisions which reflect and implement the Submission Proposal. The Constitution contains the following Provisions:

6.2 Articles

- 6.2.1 The Articles sets out the statutory basis for TfN and its membership. TfN is made up of representatives from the 19 Constituent Authorities who are the Transport Authorities for the North of England. TfN will operate through a delegation to its Chief Officers of all its functions other than decisions in relation to the Constitution, the Budget and the statutory Transport Strategy and any other matters which are specifically reserved to TfN by statute.
- 6.2.2 The Articles contains an overview of the functions of TfN and the major partnerships through which it will exercise these functions, in particular its role as Statutory Partner in determining priorities for road (Highways North Board) and rail investment and its role in managing the TransPennine Express and Northern Rail Franchises.
- 6.2.3 TfN will establish a Partnership Board with representatives of all the Constituent Authorities, representatives of the other Authorities who were members of Rail North Limited, representatives of the 11 LEPs and representatives of the Department for Transport and of other Government Agencies. This Board will be responsible for setting the strategic agenda for transport in the North of England.
- 6.2.4 TfN will also engage with its partners in the Rail North Partnership Board setting the strategic priorities for rail investment and in the Highways North Board setting the strategic priorities for road investment.
- 6.2.5 TfN will co-manage the TransPennine Express and Northern Rail Franchises through a Committee which will include representatives of all the other Authorities who were members of Rail North Limited.

6.3 **Voting**

- 6.3.1 The Articles provide for weighted voting in accordance with a matrix which gives the representative of each Constituent Authority a vote which is weighted to reflect the population of the area of the Constituent Authority.
- 6.3.2 A decision to approve the Budget, to approve the Constitution or to adopt the Transport Strategy will require an increased majority of 75% of the weighted votes and a simple majority of the Members of TfN.
- 6.3.3 It is proposed that TfN should be entitled to co-opt Members and that such co-opted Members should have voting rights. It is further proposed that those Authorities which are members of Rail North Limited but which will not be a Constituent Authority of TfN (the Rail North Authorities) should each be entitled to appoint a representative to be a co-opted Member of TfN with a right to speak and vote on rail franchise matters. The voting in relation to rail franchise matters shall be weighted in accordance with a voting matrix which reflects the voting arrangements for Rail North Limited.

6.4 **Financial Contributions**

- 6.4.1 TfN is funded through government grant and although future funding decisions will remain the responsibility of the government at the time, establishing TfN in statute ensures it has the stability and permanence to be confident of long term central Government support.
- 6.4.2 At present the Constituent Authorities and the Rail North Authorities make the Rail North Support Payment and the Authorities in receipt of rail administrative grant make the Rail North Supplemental Payment to support Rail North Limited. Upon TfN assuming the responsibilities and functions of Rail North Limited these payments will continue to be made to TfN to enable it to continue to support rail franchise management.
- 6.4.3 The Submission Proposal provides that the Constituent Authorities may all agree to contribute to the costs of TfN in the future. However a decision to raise such contributions and the amount would require a unanimous decision of the Constituent Authorities and could only be taken after written consent to the proposal has been received from each of the Constituent Authorities.
- 6.4.4 Unless unanimously agreed otherwise, the apportionment of any financial contributions would be determined on the basis of the Resident Populations of each of the Constituent Authorities.
- 6.4.5 TfN would be entitled to accept voluntary contributions towards its costs from any of the Constituent Authorities.

6.5 **Powers and Functions**

- 6.5.1 This section sets out the powers and functions which will be given to TfN.

6.5.2 These are as follows:

- a) To prepare a Transport Strategy for the Combined Area in accordance with section 102I of the Local Transport Act 2008;
- b) To provide advice to the Secretary of State about the exercise of the transport functions in the Combined Area;
- c) To be a Statutory Partner with the Secretary of State in both road and rail investment processes and to be responsible for setting the objectives and priorities for strategic road and rail investments in the Combined Area;
- d) To be consulted in relation to rail franchise agreements for services to and from or within its area;
- e) To co-manage with the Secretary of State the TransPennine Express and Northern Rail Franchises;
- f) To co-ordinate the carrying out of specified transport functions that are exercisable by its different Constituent Authorities with a view to improving the effectiveness and efficiency of the carrying out of those functions;
- g) To promote and co-ordinate road transport schemes;
- h) To make proposals to the Secretary of State for the transfer of transport functions to TfN;
- i) To make other proposals to the Secretary of State about the role and functions of TfN;
- j) To undertake Smart Ticketing within the Combined Area;
- k) To promote and oppose local or personal bills in Parliament;
- l) To pay Capital Grants to support the funding and delivery of joint projects;
- m) To exercise powers to acquire land and to construct highways under sections Section 24.

6.5.3 In carrying out these functions, TfN will be a statutory partner of the Department for Transport, devolving responsibilities from the Secretary of State and speaking to the Department with a strong, single voice for the North. It is not intended that TfN should take responsibilities away from the Constituent Authorities, instead exercising a coordinating role in relation to specified transport functions and continuing to work in partnership with members. It is not the intention that TfN becomes a Highway Authority.

6.6 Concurrent Functions

6.6.1 Before exercising any transport powers or functions it holds concurrently with any of the Constituent Authorities or Highways Authorities within the TfN area, TfN will consult those Authorities and enter into a Protocol covering the way in which those functions will be exercised.

6.7 Responsibility for Functions

6.7.1 The Membership of TfN will together be responsible for approving the Budget, the Constitution and the Transport Strategy.

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- 6.7.2 Officers of TfN will have delegated responsibility to carry out all of TfN's day to day functions and to implement the strategic decisions made by TfN.
- 6.7.3 In carrying out these functions TfN and its officers will have due regard to the views and advice of the Partnership Board, DfT and other Statutory Agencies.
- 6.8 **Audit and Governance Committee**
- 6.8.1 TfN will appoint an Audit and Governance Committee to provide independent review and assurance to Members on governance, risk management and control frameworks. It oversees financial reporting, the Annual Governance Statement process and internal and external audit, to ensure efficient and effective assurance arrangements are in place.
- 6.9 **Scrutiny Committee**
- 6.9.1 Each of the Constituent Authorities will be entitled to appoint a representative (and a substitute) to the Scrutiny Committee.
- 6.9.2 The role of the Scrutiny Committee will include:-
- a) reviewing the decisions of TfN and of officers of TfN under the scheme of delegations;
 - b) making reports or recommendations to TfN with respect to the discharge of the functions of TfN and on transport matters that affect the TfN area.
- 6.10 **The Rail North Committee**
- 6.10.1 TfN will establish a Rail North Committee which will advise on TfN's Statutory Partner role in relation to rail investment and will have oversight of the management of the TransPennine Express and Northern Rail Franchises. This will replace the Association of Rail North Authorities and will include representatives of the six non-TfN Rail North Authorities as co-opted Members. Voting in the Rail North Committee will be on the basis of weighted votes which replicate the voting provisions of Rail North Limited.
- 6.11 **The Rail North Sub-Committee**
- 6.11.1 TfN will also establish a Rail North Sub-Committee that will be appointed according to provisions which replicate the provisions for appointing the Rail North Limited Board.
- 6.11.2 Rail North Area Sub-Committees - Where requested TfN will also establish Rail North Area Sub-Committees to take the place of the Regional Business Units permitted under the provisions of the Rail North Members Agreement.
- 6.12 **Officers**
- 6.12.1 TfN will appoint its 3 Statutory Officers, the Chief Executive as the Head of Paid Service, the Monitoring Officer and the Finance Director as its Chief Officers to whom it will delegate day to day operations of TfN.

6.12.2 Chief Officers will have due regard to the recommendations of the Partnership Board, the Rail Partnership Board and Highways North Board in carrying out their functions.

6.13 Procedure Rules

6.13.1 This section sets out the procedures which shall apply to meetings of TfN. The Rules of Debate reflect the nature of the business of TfN and that most decisions are expected to be consensual without the need for formal debating procedures.

6.14 Scrutiny Procedure Rules

6.14.1 These set out the role of Scrutiny within TfN.

6.14.2 The Scrutiny Procedure Rules provide for Scrutiny Committee to set up smaller Scrutiny Panels to review discreet topics and to allow these Panels to invite representatives of outside bodies to attend to inform their Reviews.

6.15 Financial Procedures

6.15.1 This section sets out the financial rules and controls which will govern all expenditure by TfN. It also contains the Contract Procurement Rules which will govern how TfN tenders and awards contracts.

6.15.2 It is expected that more detailed financial controls in relation to individual projects will be set out in the Funding Letter from the Secretary of State.

6.16 Codes and Protocols

6.16.1 It is not intended that TfN should have its own Code of Conduct for Members but Members will be expected to adhere to the Code of Conduct of their appointing Authority in the conduct of TfN's business and any Standards issue would be referred back to the appointing Authority by the Monitoring Officer.

6.16.2 The section includes the Codes of Conduct for Officers of TfN, the Protocol on Member/Officer Relations, the Code of Corporate Governance, the Anti-Fraud and Corruption Policy and the Whistleblowing Policy.

6.16.3 Although TfN is not required to adopt its own Code of Conduct for Members it will need to have a separate Disclosure of Interests by each Member in respect of their interests within the whole of the TfN geographical area.

6.16.4 The Code of Conduct for Officers sets out the standards of behaviour expected from TfN's officers.

6.16.5 The Protocol on Member/Officer Relations sets out guidance on the mutual respect which should exist between officers and Members and the way in which they should interact with each other.

6.16.6 The Code of Corporate Governance sets out the core principles and values which will govern the way in which TfN operates.

6.16.7 The Anti-Fraud and Corruption Policy sets out the measures that TfN will put in place to avoid and address fraud and corruption in any of its dealings.

6.16.8 The Whistle Blowing Policy sets out the ways in which whistle-blowers may bring their concerns to management and the protections that are in place to ensure that whistle-blowers are not victimised or discriminated against.

6.17 Role of the Partnership Board

6.17.1 TfN has evolved over the years from the inception of Transport for the North as a partnership representing all those with an interest in the improvement of transport in the North of England to the creation of TfN as the first Sub-National Transport Body. Although TfN as a corporate body will consist of the representatives of the 19 Constituent Authorities there is an aspiration that it will continue to operate through the Partnership Board taking decisions in partnership with the representatives of the 11 LEPs as representatives of the business community and with representatives of the Department for Transport and other Government Agencies and will continue to have an independent chair.

6.17.2 The Draft Constitution reflects the legal requirements for decision making within TfN as a corporate body but it will be open to TfN to operate these constitutional arrangements in a way that is consistent with continuing the present arrangements of the Partnership Board if Members so agree.

6.18 Rail North Limited

6.18.1 One of the drivers for the creation of TfN as a Sub-National Transport Body was to create a body which could speak with one voice on all transport matters affecting the North of England. To achieve that, it is proposed that TfN should take over ownership of Rail North Limited and subsume all of its functions directly into TfN.

6.18.2 Rail North Limited would be replaced by a Committee of TfN on which the former Rail North Member Authorities would be represented and have the same voting rights as under the Memorandum and Articles of the Company.

6.18.3 Before this can be achieved all the current members of Rail North Limited will need to formally agree to the proposals for the transfer of Rail North Limited to TfN

6.18.4 The current Members Agreement with Rail North Limited will be replaced by a Rail Franchise Management Agreement between TfN and the current Members of Rail North Limited which will replicate as far as possible the provisions of the Members Agreement.

6.19 The Rail Partnership Board

6.19.1 A Rail Partnership Board will be set up which will replicate the existing Rail North Board and will include Members of TfN along with representatives of the Department for Transport. This Board will make recommendations in relation to strategic priorities for rail investment and in relation to existing and future rail franchises.

6.20 **The Highways North Board**

6.20.1 TfN will participate in the Highways North Board which will consist of the Members of TfN along with representatives of the Department for Transport and Highways England. The role of the Board will be to make recommendations in respect of the future Roads Investment Strategy and competitive major roads funding programmes.

6.21 **The Chief Executives Meeting**

6.21.1 The Chief Executives or their representatives will continue to meet to provide oversight of the activities of TfN and review draft Board papers and advise on policy and strategy proposals.

6.22 **Consent to the Regulations**

6.22.1 Draft Regulations are being drafted to create TfN as a Sub-National Transport Body. Before the Secretary of State may make these Regulations each of the Constituent Authorities must consent to the making of the Regulations. It is anticipated that the Secretary of State will send a letter to each of the Constituent Authorities requesting formal consent to the making of the Regulations to be provided by early September 2017.

7. Recommendation

It is recommended that you formally consent to:

- a) the making by the Secretary of State of Regulations under section 102E of the Local Transport Act 2008 to establish Transport for the North as a Sub-National Transport Body.
- b) The transfer of Rail North Limited to TfN so that it can be subsumed within TfN
- c) The signing of a new Rail Franchise Management Agreement with TfN replicating as far as possible the current Rail North Limited Members Agreement
- d) Continuation of the payment of the current funding for Rail North Limited to TfN after its inauguration.

Transport North East Committee

Date: 13 July 2017

Subject: Northern Powerhouse Rail (NPR) – NECA Position

Report of: Lead Chief Executive for Transport

Executive Summary

The purpose of this report is to seek to establish a common NECA position as regards the development of railway infrastructure and stations required to support high speed rail services to the North East.

Recommendations

The Transport North East Committee is recommended to:

- i. Note the development work carried out to date on Northern Powerhouse Rail, and endorse its focus on upgrading the East Coast Main Line corridor in relation to services to and from the North East;
- ii. Endorse the development of collaborative work to promote a wholly new high-speed line from the North East to connect with both the HS2 network and with Scotland; and
- iii. Note officers' intention to commission work regarding long-term options for principal station locations and service patterns within the area, for high-speed services.

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1. Background Information

1.1 This report is intended to provide the Committee with an updated position regarding work concerning long-term planning to improve the North East's long-distance rail links. Two major pieces of work are underway which are of direct relevance:

- HS2, which is constructing a new high-speed line between London, the Midlands and the North of England; and
- The Northern Powerhouse Rail (NPR) workstream of Transport for the North (TfN), which aims to develop a network of fast services linking the major conurbations of the North of England.

1.2 At the same time, Network Rail's existing long-term rail planning process is being adapted so that the implications of NPR and HS2 can be taken into account when considering developments of existing rail infrastructure.

1.3 This report will consider these activities, their implications for the NECA area, and will explore potential activities to ensure that benefits to the North East are maximised.

The East Coast Main Line (ECML)

1.4 The ECML is a vital artery for the North East, carrying as it does the majority of the area's long distance rail services. Passenger services to London, the Midlands, Yorkshire and Manchester all depend upon the ECML between York and Newcastle, services to Scotland use the ECML between Newcastle and Edinburgh, and almost all freight services traversing the area will use the ECML at some point. Although the Durham Coast line provides an alternative route to the south, this is only as far as Northallerton from where services must use the ECML. Both the Durham Coast line and the Tyne Valley line share junctions, station approaches, and platform space with the ECML at Newcastle.

1.5 The dependency of the area on the ECML is demonstrated when disruption occurs to any part of the line; it can mean that all of the area's rail links to the key economic centres of the UK are severed for several hours.

1.6 The ECML is currently suffering from limited capacity between York and the North East: the route's available train 'paths' are already taken for most of the day. One of the reasons for this is that the stretch between Northallerton and Newcastle relies on two tracks for most of its length. This means that when disruption occurs, late-running services have a knock-on effect on trains running behind, with limited ability for services to recover their allocated 'paths'. Perhaps of greater concern over the longer term is that it has the potential to affect future growth in services.

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- 1.7 There are many future pressures on ECML capacity both through known plans of existing rail operators to expand services, and in the longer term through the commencement of HS2 and NPR services.
- 1.8 If the issues of capacity and resilience on the ECML between York and the North East are not addressed, the reliability of services in the short term, and expansion of services in the long term, will both be affected. This is likely to affect the long-term economic growth plans of the area.

HS2

- 1.9 HS2 is a new high speed railway that will run between London and Birmingham from 2026, extend to Crewe by 2027 and then link to Manchester and Leeds from 2033 as shown in figure 1. Trains will continue on existing tracks up the East and West Coast Main Lines, serving towns and cities in the north of England and Scotland.

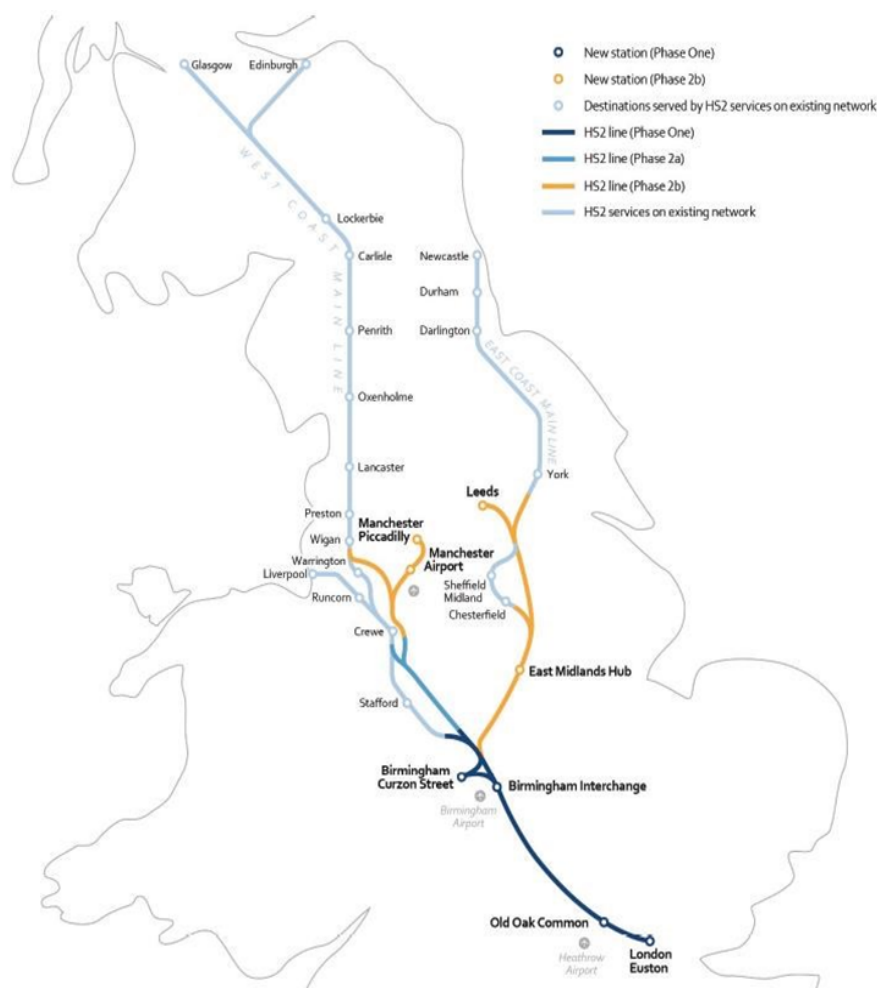


Figure 1: Map of planned HS2 services

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- 1.10 There are no plans for HS2 infrastructure (tracks) to be extended to the North East. Instead, there will be a new link from HS2 south of Leeds to the present East Coast Main Line (ECML) south of York. HS2 services will therefore run along the ECML from south of York to the North East.
- 1.11 At present it is not known whether HS2 services will replace existing long-distance rail links between the North East and London / Birmingham, or whether they will run in addition to them. In either case, HS2 will add pressure to the ECML by requiring 'paths' for fast-moving trains and these will conflict with existing passenger and freight services. Furthermore, the journey time between the North East and York will add significantly to the overall HS2 journey time between the North East and London, diminishing some of the attractiveness.
- 1.12 Clearly there is a link between the current issues with capacity and reliability on the ECML, and the North East's ability to benefit from HS2 in the longer term. Therefore the case to upgrade the ECML needs to address both.
- 1.13 At this point no substantive work has been done by HS2 to consider new high speed lines further north than Yorkshire or Lancashire, and as a result there is a strategic gap when it comes to high speed infrastructure serving the North East, as well as Scotland.
- 1.14 In addition, the assumption that HS2 services will run to the North East along the existing ECML has led to a current planning assumption by HS2 that HS2 trains will serve existing stations along the ECML. Some investment is likely to be needed in stations served by HS2 in order to accommodate new and longer trains, and to maximise local connectivity with HS2 services.
- 1.15 Because of this, unlike other areas that will lie along the route of brand new high speed lines, the North East has not has an opportunity to assess its long-term future needs for stations serving the area.

Northern Powerhouse Rail (NPR)

- 1.16 NPR is a major strategic rail programme, designed to transform the northern economy and meet the needs of people and business. It will transform connectivity between the key economic centres of the North. The programme promises radical changes in service patterns, and target journey times.
- 1.16 For the North East the aspiration is to significantly cut current journey times as shown in the table below:

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Destination	Current journey time	Proposed journey time	Time saving
Leeds	1 hour 30 mins	1hour	30 minutes
Sheffield	1 hour 45 mins	1hour 30 mins	15 minutes
Manchester	2 hours 30 mins	1 hour 30 mins	1 hour
Manchester Airport	2 hours 50 mins	1 hour 40mins	1 hour 10 mins
Liverpool	3 hours	2 hours 10mins	50 minutes

- 1.17 Whilst initial work on NPR focused on links between the major cities in the North, it has now been expanded to cover other significant economic centres.
- 1.18 The NPR proposal aspires to establishing four trains per hour from the North East (two west via Leeds, two south via Sheffield) able to achieve the above journey times and accommodate the increased demand, forecast to be up to 130% from our area.
- 1.19 The early stages of planning, carried out jointly by TfN and Network Rail with significant input from NECA officers, considered a range of options to achieve the aspired journey times set out in the paragraph above including a wholly new high-speed line. From a relatively early stage however it became clear that a wholly new high-speed line just to carry NPR traffic to and from the North East would be extremely costly, and unlikely to have a strong business case at this point.
- 1.20 Subsequent work has therefore focused on upgrading the ECML to deliver significant journey time savings. This could be achieved by a range of interventions, including introducing 'cut-offs' to make the line straighter and faster, and ensuring that the entire corridor is served by four lines to add capacity and so that fast-moving traffic can be separated from slow. Note however that the two additional lines do not necessarily need to be immediately alongside the existing lines, as they could use alternative alignments that still serve the same purpose.
- 1.21 As with HS2 there is a link between the current issues with capacity and reliability on the ECML, and the North East's ability to benefit from NPR in the longer term. Therefore the case to upgrade the ECML needs to address all three.
- 1.22 TfN has put significant resources behind the development work for NPR thus far. If NPR is to transform rail services to the North East it is vital that this work continues. Clearly Network Rail needs to take into account NPR's requirements in its planning processes, but NECA should guard against work on NPR infrastructure serving the North East being excluded from future TfN work simply because a wholly new line is not planned.

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- 1.23 One example of the way that the North East has benefited from TfN's leadership of NPR to date is through HS2 'touch points'. These are where the NPR network and the new HS2 lines meet and planning is required to ensure that the results achieve the objectives of both schemes. For the North East the most important HS2 'touch point' is where the HS2 joins the EMCL south of York; this means that work carried out through NPR to improve the ECML can also benefit HS2 services that then continue to Sheffield, the Midlands and London.
- 1.24 Another important HS2 'touch point' is in the Leeds area; by means of a new spur off the HS2 line east of Leeds it may be possible for NPR services to use the HS2 line from York to Leeds, further improving journey time between the North East and Leeds and Manchester.
- 1.25 The work on HS2 'touch points' will contribute to work supporting the introduction of the HS2 Hybrid Bill to parliament later this year.
- 1.26 Focus on the use of an improved ECML for NPR has led to the same issue concerning stations as has been discussed above in relation to HS2; existing stations on the ECML have been used for planning purposes, and no long-term assessment of alternative options has yet been carried out.
- 1.27 As with HS2 it is not currently known whether NPR services will replace existing long-distance rail links between the North East and Leeds / Manchester or whether they will run in addition to them.

2. Proposals

- 2.1 As TfN's work on NPR continues, it is proposed that the NECA's representatives continue to require that the North East is included as an integral part of the scope of any further NPR work.
- 2.2 It is also proposed that the NECA's representatives continue to focus on upgrades to the ECML corridor as being the preferred method of delivering NPR in the North East;
- 2.3 It is important that the needs of the North East are considered as part of the longer-term development of the UK's high speed network. As a desired goal this should involve a wholly new high-speed line from the North East to connect with both the HS2 network and with Scotland. Therefore it is proposed that NECA representatives work alongside colleagues from other interested partner bodies and representatives of other regions of the UK to make the case for this investment.
- 2.4 As a strategic review of stations has not hitherto been triggered by NPR or HS2 work, it is proposed that officers will commission work regarding long-term options for principal station locations and service patterns within the area, for high-speed services. This work may be best achieved either as a stand-alone

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commission, or as part of wider work into NPR or ECML upgrades.

3. Reasons for the Proposals

- 3.1 The reason for the proposals set out above, is so that representatives of the NECA can take a clear and unified position when engaging with a range of partners and agencies in respect of NPR and HS2. This will become particularly important when further stages of NPR work are commissioned by TfN.

4. Alternative Options Available

- 4.1 The NECA can adopt the proposals set out in section 2. This is the preferred course of action because it will provide a clear and unified position, and will move the NECA on in terms of its long-term strategic positioning for rail services.
- 4.2 Alternatively, the NECA may prefer to take a less clearly defined stance at this moment in time. This would allow flexibility to promote a different course of action if a viable alternative to the ECML is presented in due course; however this is considered to be unlikely for the reasons already described, and so this option is not recommended.

5. Next Steps and Timetable for Implementation

- 5.1 The current phase of works for NPR is focussing on developing the corridors to a Strategic Outline Business Case (SOBC) level of detail. For those routes that may have an interaction with proposed new HS2 infrastructure, the SOBC work needs to be completed by September 2017 to meet the HS2 Hybrid Bill timeframe. For the remaining corridors SOBC development work is planned to continue until September 2018.
- 5.2 When more defined proposals are developed by Network Rail and the strategic and economic cases are better defined by TfN, a further update report will be presented to this Committee on the findings.
- 5.3 If the future stations review recommendation is approved, then the Regional Transport Team will procure a study to complement and inform the NPR workstream along the same timeframes.

6. Potential Impact on Objectives

- 6.1 Improved connectivity of the North East to other economic centres is a key objective of the emerging Local Transport plan. NPR is seeking to improve capacity, frequency and journey times to better connect the whole of the North East to the rest of the North, with the additional benefits of improvements to

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Scotland, the Midlands and London and the South East.

7. Financial and Other Resources Implications

- 7.1 The NPR workstream is being funded by TfN and so there are current no direct financial implications arising from it, although staff resources are being used to guide and develop the work with TfN and Network Rail.
- 7.2 If the future stations review recommendation is approved, a funding source will need to be identified before this work can begin and funding will be sought initially from TfN.

8. Legal Implications

- 8.1 There are currently no legal implications for NECA at this stage. As work progresses, Network Rail and HS2 Ltd will be the legal entities responsible for any consents to enable delivery of future improvements to the rail network.

9. Key Risks

- 9.1 The main risk associated with the required upgrade of infrastructure on the ECML to deliver NPR and HS2 benefits will be the cost effectiveness of proposals as they are developed. Through work of the East Coast Mainline Authorities (ECMA) significant economic benefits have been shown to arise from improved journey times on the ECML. As TfN progresses its Outline Business Case for the NPR network it will be important to maximise the overall benefits of this section of the network and also ensure cost effective solutions are proposed.

10. Equality and Diversity

- 10.1 The development and delivery of the emerging schemes aim to improve rail connectivity for all and as such do not negatively impact on Equality and Diversity.

11. Crime and Disorder

- 11.1 Safety and Security are fundamental consideration in the design of new services and facilities and thus impacts will be assessed for individual projects at the appropriate stage of development.

12. Consultation/Engagement

Transport North East Committee

- 12.1 As the Strategic Outline Business case for NPR is developed the emerging plans and options considered will be shared through public consultations at the appropriate time.

13. Other Impact of the Proposals

- 13.1 As each of the projects and plans of TfN become more defined, environmental and economic impacts and analysis will form key considerations when options are being considered.

14. Appendices

- 14.1 None

15. Background Papers

- 15.1 None

16. Contact Officers

- 16.1 Tobyn Hughes, Managing Director (Transport Operations),
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Tel: 0191 203 3203

17. Sign off

- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓

18. Glossary

ECML – East Coast Main Line
NPR – Northern Powerhouse Rail
HS2 – High Speed 2
TfN – Transport for the North

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Transport North East Committee

Date: 13 July 2017

Subject: North East Rail Projects Update

Report of: Managing Director (Transport Operations)

Executive Summary

The purpose of this report is to keep members of the Committee periodically informed on the current state of play of the various rail projects being progressed in the North East.

Recommendations

The Transport North East Committee is recommended to agree to support the continued progress of these schemes aimed at improving the short and medium term rail services in the North East.

Transport North East Committee

1 Background Information

- 1.1 This reports sets out the position on a number of rail schemes being pursued by constituent authorities of NECA and Nexus.
- 1.2 Members continued support is sought to lobby for the resources required to bring about significant changes to the rail network and facilities in the North East. This includes both support for local schemes within constituent authorities as well as the wider network enhancements needed throughout the NECA and regional geographies.
- 1.3 Through individual authorities and collectively through the North East Rail Management Unit (NERMU) close working with both Network Rail and the train operating companies continues to progress a number of local schemes.
- 1.4 As a reminder, Network Rail's GRIP (Governance for Railway Investment Projects) process is compulsory for all rail projects. Regardless of the organisation undertaking the GRIP study, Network Rail must approve each stage. It is designed to manage and control projects that enhance or renew the national rail network. GRIP divides the project into eight distinct stages as outlined below:
 - GRIP 1: Output definition
 - GRIP 2: Feasibility
 - GRIP 3: Option Selection
 - GRIP 4: Single Option Development
 - GRIP 5: Detailed Design
 - GRIP 6: Construction Test and Commission
 - GRIP 7: Scheme Hand Back
 - GRIP 8: Project Close Out

2 Proposals

Sunderland Station

- 2.1 The Sunderland Station project is to deliver improvements to the 'above ground' concourse area focusing on redeveloping the concourse area with improved access, retail offering and passenger information. The exterior of the building will provide a light and bright focal point, incorporating artwork. Wider public realm improvements are being considered by the City Council as a second phase to the scheme. Sunderland City Council has been leading this project, working with Network Rail, Northern Rail and Nexus as partners.

Transport North East Committee

- 2.2 As reported in February 2017, a design has been agreed to by all parties, progress in developing this scheme has been slow and two obstacles to delivery remain:
- a. There is a funding 'gap' of £6.1m. The scheme is estimated to cost in the region of £13.35 million with £7.25m already secured through the City Council and Nexus; and
 - b. Network Rail, who own the station and are responsible for delivering the works, do not yet have a confirmed programme. Discussions continue with Network Rail to resolve this matter, particularly around the GRIP status of the work undertaken to date.
- 2.3 Over the last few months the project has started to make positive progress again, a joint project team has been established and is meeting every month. Sunderland City Council has signed a Development Services Agreement with Network Rail and also an agreement to progress intrusive surveys at the station.
- 2.4 A stakeholder meeting was held on the 9th of June to progress and agree the detailed requirements specification for the project.

Horden Peterlee Station

- 2.5 Horden Peterlee station will be located between Seaham station 8.5km to the north and Hartlepool station 12km to the south, and will operate on the Durham Coast Rail Line. As reported in February's members update, following the assessment of five possible locations for the new station site and a stakeholder and public consultation, a preferred location has been chosen at South East View.
- 2.6 Horden Peterlee station has been selected as one of the six transport schemes prioritised by The North East Local Transport Board with a, £3.4m share of committed Local Major Scheme funding totalling £31.1m as outlined in the North East Strategic Economic Plan (SEP). Durham County Council have also reiterated their commitment to the scheme in the latest iteration of the *Regeneration Statement* and in identifying Horden Peterlee as one of the Council's six foremost priority projects.
- 2.7 A Full Business case was submitted to NECA in December 2016 following a full application to the DfT New Stations Fund in November 2016. The project was awarded Local Growth Funding in February this year and Durham are still awaiting the outcome of a bid for New Stations Fund, which has been held up by the election and Purdah. The balance of funding for the project will be provided by Durham County Council. Extensive validation work has been

Transport North East Committee

undertaken to analyse the benefits of the project and ongoing design and value engineering work is continuing.

- 2.8 Work on the preferred site continues with Ground investigations completed in May. As the site is in close proximity to the heritage coast Habitat and environmental surveys are currently underway with results due in June. Durham continue to work on the single option and the closure of the level crossing with Network Rail whilst awaiting the outcome of funding.

Ashington, Blyth and Tyne line

- 2.9 As a reminder, the reintroduction of passenger services on the Ashington, Blyth and Tyne line has been an aspiration of Northumberland County Council for many years and accords with key local and regional policy in terms of promoting economic growth across South East Northumberland. The scheme would introduce passenger services on the fully operational and maintained freight line between Ashington and Newcastle, a 32 km corridor serving a population of approximately 150,000 residents. It will regenerate the region by providing access to employment and training facilities in North Tyneside, Newcastle and beyond. It will also enable movement of people from the urban centre to South East Northumberland.
- 2.10 Station stops are proposed at Woodhorn, Ashington, Bedlington, Bebside, South Newsham, Seaton Delaval and Northumberland Park with an estimated journey time of approximately 40 minutes between Woodhorn and Newcastle.
- 2.11 Studies commissioned as part of preparing the business case have predicted in excess of 380,000 annual passenger journeys by 2034 and that delivery of the scheme would lead to an increase in annual incomes and GVA of over £70 million. The Council commissioned Network Rail who have undertaken the GRIP stage 2 study. This confirmed that the scheme is feasible but requires a significant upgrade to existing infrastructure including track, level crossings and signals. As part of the GRIP 2 study, Network Rail estimated a total capital cost for the scheme at approximately £191 million. However these costs include 40% risk and significant items of expenditure, particularly in respect of signaling, permanent way (track) and structures which do, or will, form part of Network Rail's future maintenance and investment programmes irrespective of the ABT scheme progressing or not.
- 2.12 Negotiations are ongoing with Network Rail to confirm what is the do-minimum infrastructure required to enable passenger services to run on the line. Northumberland are being assisted in these discussions by Nexus and Rail North officers. This review is to more tightly define the scope of the GRIP 3 study.

Transport North East Committee

- 2.13 The overall programme for the GRIP study provided by Network Rail suggested that trains could be running on the line in early 2021. This timeline will be reviewed on completion of the scope review with Network Rail.

Newcastle Central Station

- 2.14 As reported in February the current layout at Newcastle Central Station cannot accommodate future planned levels of service as HS2 and Northern Powerhouse Rail will both impact on the current East Coast Main Line station. Transport for the North have just commissioned the next stage of development of the NPR network, This will refine future service planning assumptions and in turn the overall quantum of trains required to cater for the number of passengers predicted. To date very preliminary plans for reconfiguring the platform layout are being developed. It is however, evident that the Newcastle Central Station of the future may look very different from today, albeit that the solution must be sympathetic to the Grade 1 listed features of the building.
- 2.15 Plans to develop a Southern Entrance to the station are now incorporated within this Transport for the North's Rail Workstream. An underpass linking Stephenson Quarter to the south of the station, each of the island platforms, the station concourse and possibly the Metro station is being considered.
- 2.16 It is likely that the next stage of work will recommend a staged approach to enhance the station over time to accommodate future train service increases as they come on line.

Cramlington Station

- 2.17 Northumberland County Council has commissioned professional services to carry out a pre-GRIP feasibility study to assess the potential for improving the rail offer from Cramlington Station. The study will include consideration of the potential need and demand for improved station facilities by local residents, commuters and visitors to the town centre considering present and proposed rail franchise agreements.
- 2.18 The purpose of the study is to achieve the objective of securing more and better rail services from Cramlington. This is important given the current poor level of service it receives; its location on the East Coast Mainline; and the future development potential for Cramlington (South West Sector, CentrePoint, West Hartford, Manor Walks etc). Primarily the study is focusing on improvements to the existing station site and an analysis of timetabling opportunities, although the option also exists to look at alternative locations for the station.

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Gilsland Station

- 2.19 As a reminder, Gilsland Station is situated on the Tyne Valley Line just within Northumberland between Haltwhistle (Northumberland) and Brampton (Cumbria) stations and was closed in the 1960s with the former station buildings sold and converted into a private residence. The opportunity exists to reopen the station to act as a gateway to Hadrian's Wall.
- 2.20 Network Rail has completed a high level feasibility study which reported an indicative cost of over £28 million and areas of risk which require further investigation specifically the mitigation proposed at level crossings. Northern Rail seed corn funds are being used to identify the demand and revenue forecasts which will be required to support a positive business case based on the assumed scheme cost. Further work is ongoing to review and challenge elements of the current scheme cost with consideration also being given to the possibility of a temporary station to test the demand for the station prior to committing to a permanent solution.

Boldon and Tile Sheds Level Crossings – Bridge proposal

- 2.21 Over the last 5 years, South Tyneside have met with Network Rail officers to discuss the level crossing operations at Tiledshed / Boldon Lane with increasing concerns regarding the half-barrier operation and traffic congestion. Network Rail have indicated the proposal to introduce full-barrier installations at each level crossing within the CP6 period (2019-2024) which will increase the potential down-time of the level crossings to over 40 minutes every hour.
- 2.22 From the Council's perspective, this will grind the connecting roads to the level crossings to a halt, with there already being significant congestion / delays due to the trains that are operating on the Sunderland – Newcastle line.
- 2.23 In light of this proposition, South Tyneside has commenced work that will look at the potential to closure both of the level crossings to traffic and non-motorised users and provide a new bridge link and associated carriageways.
- 2.24 The Council appointed transport consultants to undertake a feasibility study that would look into the potential to close the level crossings and to determine if the project would be both viable, deliverable and affordable. The Consultant's report recommended two options (an eastern alignment and a western alignment) each being feasible and worthy of further development work.
- 2.25 The next stage of the project is undertaking an option prioritisation of the 2 options, it is expected that this will be completed in the Spring 2017. The final stage of the project will be the detailed design of the preferred option and then construction. Network Rail have been requested to contribute their 'planned'

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investment (£1.75m per crossing) for the 'do-minimum' solution of full barrier operation, instead into the new bridge and associated highway links.

3 Reasons for the Proposals

3.1 The various rail projects are all being developed to meet a specific demand as summarised below:

- Sunderland Station – Economic regeneration / City Gateway
- Horden Peterlee Station – Economic growth through rail connectivity
- Ashington, Blyth and Tyne line – Economic growth through rail connectivity
- Newcastle Station – Economic regeneration and to meet increased rail demand
- Cramlington Station – Economic growth linked to future housing creating increased rail demand
- Gilsland Station - economic growth through tourism demand for rail connectivity
- Boldon and Tile Sheds level crossings – economic growth through minimising congestion resulting from road / rail interfaces

4 Alternative Options available

4.1 Each of the projects described in this report have been through and are still going through feasibility assessments and option appraisals. As part of this process alternative options are be considered to ensure the final schemes best meet the identified outcomes sought.

5 Next Steps and Timetable for implementation

- 5.1 As outlined above there are a number of key local rail projects currently being progressed at various stages of development. Local lead sponsors are working with varying levels of assistance from Nexus officers to deliver projects within the NECA area. An overall network development approach is being overseen through the North East Rail Management Unit working with NECA and Tees Valley colleagues, Transport for the North, Rail North, Network Rail and the various train operating companies.
- 5.2 TNEC will be provided with regular update report on each of the schemes as they progress to fruition.

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6 Potential Impact on Objectives

- 6.1 The delivery of all of the enhanced services and stations are being pursued to increase rail capacity and connectivity with the twin objectives of assisting with economic growth and improving public transport services.

7 Finance and Other Resources Implications

- 7.1 Each of the schemes described above are subject to their promoting organisation financial controls.
- 7.2 Through the development of NERMU, the working partnership of local authorities is strengthening its key relationships with Network Rail, Rail North Ltd, Transport for the North and the train operators to use the scarce rail officer resources within the North East to maximum effect. Individual projects will need at times to call on external expertise as part of the development costs of projects.

8 Legal Implications

- 8.1 Each of the schemes described above are subject to their promoting authorities' legal controls

9 Key Risks

- 9.1 Each of the projects outlined in this report are subject to their own risk management approach.

10 Equality and Diversity

- 10.1 The development and delivery of these schemes enhance connectivity to local rail services for all and as such do not negatively impact on Equality and Diversity.

11 Crime and Disorder

- 11.1 Safety and Security are fundamental consideration in the design of new services and facilities and thus impacts will be assessed for individual projects at the appropriate stage of development.

12 Consultation / Engagement

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- 12.1 As each scheme progresses through the project development and delivery stages, the promoting authority undertakes consultation and engagement as appropriate.

13 Other impacts of the Proposals

- 13.1 By improving connectivity and capacity to rail travel overall benefits will be accrued with regards the environmental impacts of sustainable rail travel. However each of the projects will undertake an appropriate impact assessment as part of the scheme development and delivery considerations.

14 Appendices

- 14.1 None

15 Background Papers

- 15.1 None

16 Contact Officers

- 16.1 Tobyn Hughes, Managing Director (Transport Operations)
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0191 203 3203

17 Sign off

- Head of Paid Service ✓
- Monitoring Officer ✓
- Chief Finance Officer ✓

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Transport North East Committee

Date: 13 July 2017

Subject: Metro Futures update and Fleet Procurement Strategy

Report of: Lead Chief Executive for Transport

Executive Summary

The purpose of this report is to provide an update on the Metro Futures programme including the proposed fleet specification and depot strategy associated with the rolling stock replacement on the Tyne and Wear Metro.

Recommendations

The Transport North East Committee is recommended to:

- i. note Nexus' intention to procure a fleet of Metrocars in accordance with the specification identified within this report;
- ii. note the preferred strategy for the depot facilities for the maintenance of the new trains; and
- iii. provide any relevant feedback to the Leadership Board to aid its decision-making in respect of Nexus' proposed procurement process for new rolling stock, rolling stock maintenance and new rolling stock maintenance facilities.

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1. Background Information

- 1.1 The Metro and Local Rail Strategy, approved by the Leadership Board in July 2016, sets out plans to secure investment for the future of Metro operations. This includes procuring a new fleet of Metrocars to replace the current fleet, a continuation of essential renewals to 2030 and exploring the case(s) for future extensions to the Metro network, and integration with local rail. Metro Futures is the brand that brings these elements together.
- 1.2 In order to secure investment for the fleet replacement and essential renewals, Outline Business Cases were also approved by the Leadership Board in July 2016 and subsequently submitted to the DfT setting out the strategic case, indicative costs and economic benefits pertaining to both proposals. A key component of the Strategic Case for the fleet replacement is identifying the problems associated with the current fleet. Poor reliability leading to lowest ever levels of customer satisfaction is an integral part of this.
- 1.3 It is therefore vitally important that the introduction of the new fleet increases fleet availability and helps improve customer satisfaction. In this regard, market research was undertaken in 2016 to obtain feedback from customers in relation to the design of the new fleet of Metrocars.
- 1.4 The Committee received a report on the 9th February 2017 providing an update on the three strands of market research:
- Transport Focus, the independent voice for the passenger;
 - Nexus' own in house consultation, undertaken by Nexus' Business Intelligence team; and,
 - Nexus in collaboration with Newcastle University's Open Lab.

A further report summarising the results of the market research was presented to the Committee on 20th April 2017.

1.5 DfT approvals progress

On the 19th June 2017 a second paper was submitted to DfT's Board Investment and Commercial Committee (BICC) proposing how investment in a new fleet of Metrocars, the continuation of the Essential Renewals programme and a continuation of the ongoing subsidy for the Tyne and Wear Metro beyond 2019 could be achieved.

- 1.6 BICC accepted the need to invest in and replace the current Metrocars, which with a Benefit-to-Cost Ratio of 3.55 represents high value for money for the investment. However it requested that further work be carried out in relation to the method of financing the investment. This analysis will be completed by 31st July 2017 when BICC is next scheduled to discuss Nexus' proposition.

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- 1.7 When BICC ultimately makes an investment decision, approval will then be required from Ministers which, depending on the impact of Parliamentary recess, could take anywhere between 1 to 6 weeks.
- 1.8 Nexus intends to seek Leadership Board approval before commencing the procurement process for new rolling stock, rolling stock maintenance and new rolling stock maintenance facilities.

2. Proposals

Fleet Specification

- 2.1 As part of the preparation for the procurement of the new fleet of Metrocars to replace the current fleet, Nexus has prepared a detailed fleet specification in collaboration with technical consultants Mott MacDonald. The specification aims to satisfy the relevant recommendations of the 'Metro & Local Rail Strategy' and takes cognisance of the customer market research concluded earlier this year.
- 2.2 The life of the fleet will be specified as a minimum of 35 years inclusive of a refurbishment programme. As part of the procurement process Nexus will expect bidders to propose efficient and robust maintenance regimes to support the design life and bids will be evaluated on a whole life cost basis as opposed to the cost of the fleet alone.
- 2.3 Many of the requirements included within the fleet specification are essentially mandated, given constraints in regard to the Metro network and hence any new fleet will need to ensure it interfaces with Nexus' existing infrastructure and systems in particular the 1500V DC operating supply voltage, non-standard vehicle gauge, and load limitations of certain structures around Nexus' infrastructure. The specification ensures the fleet will meet the Rail Vehicle Acceptance Regulations (RVAR) and also support Nexus' Disabled Person's Protection Policy (DPPP).
- 2.4 The specification ensures the new fleet will meet or exceed modern regulations and standards such as Railway Group Standards and associated best practice guidance. The new fleet will also meet crashworthiness standards for mainline rail operations, facilitating normal operations on the Pelaw – South Hylton route, potentially freeing up capacity for additional train paths on this route and the ability to operate the new fleet further afield.
- 2.5 The specification acknowledges and ensures that the combined findings of the market research (reported to TNEC on 20 April 2017) are embedded within vehicle design. The research made it clear that the priority for the customer in regard to the new fleet is high reliability and this will be driven by the specification and the performance regime in the contractual arrangements

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Nexus will enter into with the train manufacturer.

- 2.6 The fleet will have a modern appearance in line with Metro's corporate image and design best practice. The fleet will improve passenger experience and comfort, and inclusion of improved temperature control is essential. Passenger security is another factor deemed important to Metro passengers and as such it has been specified that modern CCTV facilities will be included. 'Internet connectivity enabled' will be specified for passengers, and an improved modern passenger information system will be provided including announcements and displays compliant with latest standards.
- 2.7 The specification requires the supplier to minimise energy usage by design and through use of modern equipment and materials. As well as ensuring appropriate crashworthiness standards for mainline rail operations, there will also be provision for dual voltage in order to future proof the fleet in accordance with the Metro and Local Rail Strategy. The specification also ensures the fleet meets the demands of the current Metro timetable and the current passenger carrying capacities as a minimum whilst having the ability to cope with predicted future demand. All of these enhancements add weight, compared to the existing Metrocars, which drives the specification of c.60m full-length trains with through gangways, differing from the current trains which are operated as two c.30m Metrocars coupled together. This ensures the trains comply with the axle load restrictions on the Metro Network. The added benefits of this change are that a full-length vehicle design will likely result in a lower initial capital cost, lower on-going maintenance costs as well a reduction in maintenance requirements due to improved reliability.
- 2.8 As set out within the market research it was established that there is a preference from the public to see an improved seating layout, specifically linear style seating. As a minimum, the layout needs to improve passenger flow and improve access for persons with disabilities and linear seating assists with this as well as providing additional capacity to accommodate future demand.
- 2.9 Nexus' proposed approach is therefore to specify linear style seating within the fleet specification to align with the public consultation undertaken by Transport Focus which determined that 63% of people surveyed stated the linear layout was 'better than the current layout' and this rose to 72% when considering commuters in isolation. Respondents were asked to identify one improvement and while 5% stated "more seating", 31% wanted more space in the carriage to accommodate standing passengers and items such as luggage, pushchairs and wheelchairs. Nexus believe these aspirations are best achieved by introducing linear seating.
- 2.10 The introduction of linear seating could result in a reduction in overall seating capacity however the final number of seats will be determined by the

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successful supplier. The change to full-length trains will assist the supplier in maximising the number of seats since two of the four drivers cab in the current train make up (the 'middle cabs') will not feature in the full-length train and this space can instead be used for additional seating. Furthermore Nexus believes that any disbenefits of reduced seating (the impact of which will manifest itself during peak times) are greatly outweighed by a 15% increase in overall passenger carrying capacity (estimated at 600 per train compared to the current 524).

- 2.11 Following an earlier discussion at TNEC, Nexus has undertaken further analysis which suggests that only a small number of trains, estimated as 10% of trains during the peak periods, would be affected by the reduction in seats. Furthermore it should be noted that, because of the frequency of Metro stops, passengers continually alight and board throughout each train's journey. This means that seats become available at regular intervals.
- 2.12 It should also be noted that the linear seating arrangement is expected to reduce the occurrence of behavioural issues on Metro such as passengers putting their feet, bags and luggage on seats which serves to prevent and deter passengers from sitting down effectively, reducing the total number of usable seats per train currently.
- 2.13 It is uncertain whether new trains with linear seating would actually result in a reduction in seating per train since the specification is intended to give manufacturers the flexibility to provide a slightly longer train compared with existing Metrocars. Should this be the case then the differential in seating may well become negligible.

Metrocar Maintenance Depot Strategy

- 2.14 A train maintenance depot, often referred to in the industry as a Traction Maintenance Depot / Train Care Facility is a facility where trains are cleaned, serviced and maintained. In the case of the existing Metro depot, servicing and maintenance of the existing Metrocars ranges from light maintenance such as adjusting door opening and closing mechanisms, topping up gearbox oil, cleaning electrical contacts on train control systems, changing brake pads etc., to heavy maintenance such as removing and replacing the bogies, traction motors, axles and wheels. Servicing and maintenance takes place inside buildings often referred to as sheds due to their simple construction. These buildings are heated spaces for maintenance staff and include offices for engineers, managers and supervisors and stores facilities where components and consumables are held and issued for the purposes of maintaining the trains.
- 2.15 The current South Gosforth depot was originally constructed in the 1920's but transferred to Nexus and repurposed in the 1970's for use by the Tyne and

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Wear Metro. Although the depot has served Nexus well, it was never designed specifically for Metrocars and subsequently is not fit for the purpose of maintaining new trains. The aspiration for any new facility, regardless of location will include benefits from: efficiencies in regard to energy consumption, new technologies, improved stabling, improved operational functionality, consideration of road access and ease of maintenance all of which the current site could not efficiently accommodate.

- 2.16 The strategy for the new maintenance facility has been developed by Nexus' technical consultants Mott Macdonald. A piece of work was commissioned which assessed the feasibility of potential depot locations surrounding the network against a range of criteria such as Location, site details, planning considerations, rail and road access, capital cost implications and programme and procurement risk. In order to establish the optimum depot strategy Mott Macdonald explored the following options:
1. Refurbish the existing facility at South Gosforth;
 2. Create a new fit for purpose depot at a new location and then dispose of the South Gosforth depot following the end of the transitional period;
 3. Create multiple depots across the network in different locations to South Gosforth;
 4. Create a temporary depot whilst the South Gosforth depot is refurbished and dispose of it following the end of the transitional period;
 5. Create multiple temporary depots whilst the South Gosforth depot is refurbished and dispose of them following the end of the transitional period; and
 6. Create out-stabling and refurbish/redevelop South Gosforth depot whilst managing the transitional period.
- 2.17 For options 2, 3, 4 and 5 a total of 29 locations around the Metro system were identified and these locations were all assessed for suitability as a new or temporary depot location. The analysis used the different criteria highlighted in paragraph 2.16 above and ultimately, 3 locations, including the existing site at South Gosforth were shortlisted, due to 26 of the sites fundamentally failing to satisfy some or all of the criteria.
- 2.18 Of the 3 shortlisted locations, South Gosforth emerged as the most appropriate due to issues with the other two sites including designated green belt, use as playing fields, private land ownership and interface with Network Rail infrastructure. Additionally, Nexus owns the South Gosforth site and has existing permitted development rights which significantly de-risks project delivery.
- 2.19 With alternative locations being ruled out only options 1 and 6 (from paragraph 0) remained. The refurbishment of the South Gosforth depot (option 1) was deemed inappropriate due to refurbishment being uneconomical compared

Transport North East Committee

with a new build, because the scale of refurbishment will be great. In addition the constraint of poor road access can be resolved by redeveloping the South Gosforth site.

- 2.20 Redevelopment of the South Gosforth site was therefore recommended by Mott MacDonald as being the most appropriate option. However this is not without challenges. In order to redevelop the existing site and construct a new maintenance facility, whilst all the time allowing the depot to remain operational, it will be necessary to temporarily relocate around 20 Metrocars to an 'out-stabling' facility in order to provide space for the construction works.
- 2.21 As part of their review of land for depot locations Mott MacDonald also assessed options for use as an out-stabling facility. The most appropriate site identified was land adjacent to Shields Road, Newcastle which is the site of a former manufacturing facility. Discussions are currently underway with the land owner to acquire the site and create an out-stabling facility which can be used to stable trains throughout the phased depot redevelopment which is expected to take 5 years in total.

3. Reasons for the Proposals

- 3.1 Nexus is putting forward these proposals in order for it to incorporate the Metrocar fleet specification into the suite of procurement documents and continue to progress the depot strategy.

4. Alternative Options Available

- 4.1 Instead of specifying a linear style seating arrangement it may be possible to leave the decision on seating layout to the manufacturer. Nexus does not recommend this option as it is likely this would only postpone the decision as Nexus will be asked by the manufacturer to accept their designs. This acceptance will need to be provided within the contractual timescales and therefore Nexus does not recommend deferring this decision to occur within the live Contract.
- 4.2 In respect of the depot location, Nexus has reviewed 29 potential alternative depot site, but redevelopment of the South Gosforth site has emerged as the most appropriate and suitable option.

5. Next Steps and Timetable for Implementation

- 5.1 Subject to the views of this Committee, Nexus will incorporate the Metrocar

Transport North East Committee

fleet specification into the suite of procurement documents and continue to progress the depot strategy.

6. Potential Impact on Objectives

- 6.1 The proposal for Metro's future is important in meeting objectives set out in the Metro and Local Rail Strategy, 2016, particularly in terms of:
- providing Metro and local rail services that are reliable, accessible and comfortable with high levels of customer satisfaction, within available resources; and
 - To grow the Metro and local rail network and their modal share as part of an integrated public transport network

7. Financial and Other Resources Implications

- 7.1 Discussions with DfT have thus far been based on the continuation of existing grant funding in order to finance the majority of this investment, supplemented by a combination of additional grant and efficiency savings associated with the introduction of the new fleet. However, given that DfT's BICC Committee has asked that further work be carried out in relation to the method of financing, and this analysis will not be completed until 31st July 2017 when BICC is next scheduled to discuss Nexus' proposition, the precise financial implications are not yet known. When this becomes clearer, there will be a separate report to the Leadership Board.

8. Legal Implications

- 8.1 There are no legal requirements or implications within this report.

9. Key Risks

- 9.1 In order to ensure the project for fleet delivery is successful, Nexus has developed a fully monetised comprehensive risk register which is in place for the Metro Futures Project and is updated periodically.

10. Equality and Diversity

- 10.1 The design of the new Metrocars will be fully compliant with the latest accessibility guidelines from Government.

11. Crime and Disorder

- 11.1 There are no crime and disorder implications in this report.

12. Consultation/Engagement

Transport North East Committee

- 12.1 Market Research and Consultation has been undertaken for the future design of new Metrocars. Nexus has developed a Communications Plan in conjunction with the Department which is a robust process to capture all stakeholder interaction and engagement. It also facilitates tracking of activity and forward planning and co-ordination of activity across the project team and its support functions.

The plan contains a programme of external-facing outputs to keep stakeholders updated and inspired by progress towards new fleet introduction, underlining the importance of the project to the future prosperity of North East England. The plan has led to Nexus gaining support for its proposal from stakeholders such as the North East Local Enterprise Partnership (NELEP), North East England Chambers of Commerce, Federation of Small Businesses and the Confederation of British Industry along with over one hundred local businesses through a series of showcase events around the North East.

13. Other Impact of the Proposals

- 13.1 Energy efficiencies will be expected from the new fleet of Metrocars. The depot project aspires to be constructed to BREEAM standards and certified.
- 13.2 The NECA Transport Manifesto, the Strategic Economic Plan and Local Transport Plans all set out the importance of investing in a new fleet of Metrocars, for continued operation of the Metro system.

14. Appendices

- 14.1 None

15. Background Papers

- 15.1 9th February 2017, Summary of market research and consultation for new fleet of Metrocar design.
- 15.2 20th April 2017, Metro Fleet specification update" (included the summary document of market research as annex).

16. Contact Officers

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Tel: 0191 203 3246.

17. Sign off

Head of Paid Service: ✓

Transport North East Committee

Monitoring Officer: ✓
Chief Finance Officer: ✓

18. Glossary

BICC	Board Investment and Commercial Committee (DfT)
DfT	Department for Transport

Transport North East Committee

Date: 13 July 2017

Subject: Bus fares for young people – work stream update

Report of: Managing Director (Transport Operations)

Executive Summary

The purpose of this report is to update the Transport North East Committee on the work of the Task and Finish group looking into bus fares for young people. This is following a previous report to the Committee in November 2016 which endorsed the formation of the Group to explore the issues around fares for young people in more detail.

Recommendations

The Committee is recommended to note the progress that has been made and the next steps in the process.

Transport North East Committee

1. Background Information

- 1.1 At November 2016's Transport North East Committee (TNEC), Members approved a recommendation to establish a Task and Finish Group to consider public transport fares for young people in more detail. In addition, it was agreed that Nexus and the Regional Transport Team would commission an independent report into the opportunities that an improved ticketing offer for young people could have on the North East's economy, skills base, and society. This report updates Members on progress so far and what the next steps in the process are expected to be.
- 1.2 Young people are now required to stay in some sort of education or training until the age of 18 following changes to Government legislation in 2015. However, eligibility for young peoples' tickets varies greatly between different operators. The National Youth Parliament 'make your mark' campaign frequently votes transport as an important issue for young people, and it has been voted as the biggest issue for those who live in Newcastle and North Tyneside.
- 1.3 The Task and Finish Group, chaired by Councillor Joyce McCarty, has met three times since TNEC endorsed its inception. Members from TNEC, Overview and Scrutiny Committee, officers from Nexus, Durham and Northumberland County Councils and major bus operators (Arriva, Go North East, and Stagecoach) are represented on the group. The Group has commenced work and a vision has been agreed by the Group to "develop a more consistent and attractive ticketing offer for young people travelling by bus across the NECA area".
- 1.4 In order to achieve this, the group has started by looking to establish a common definition of a 'Young Person' for ticketing purposes. At present, different bus operators have different policies in terms of defining who is eligible for a young person's discounted fare.
- 1.5 An understanding has been reached in the group that people 'aged 18 and under' should be classified as a young person. Go North East already uses this definition for young people travelling on its services, whereas Arriva defines a young person as being under 14 and Stagecoach as being under 16. Productive discussions with Arriva and Stagecoach suggest that they are willing to adopt the definition of 'aged 18 and under' for young people buying 'single' tickets, from this autumn.
- 1.6 Alongside attempts to improve the current ticketing offer for young people on bus services, an independent study, conducted by the consultancy SYSTRA, has been investigating what an improved overall offer for young people would look like. They have held three focus groups with young people to gather their views and have held interviews with key stakeholders, including Youth Parliament representatives and bus operators. The report is still in the drafting stage but a brief summary of findings is provided below.

Transport North East Committee

- 1.7 The findings from the study show that young people favour standardised age definitions for children and young people across all modes of transport, also taking into account higher education and apprentices. Respondents value a simple flat fare for all under 19s and wish to see this offer across all operators. Respondents were sympathetic to the view that for longer distance rural services, fares may be higher than those charged in urban areas. The Under 16 concession in Tyne and Wear called the 'Child All-day Ticket' ('CAT') proved popular, and it was suggested that the scheme eligibility should ideally be extended, along with multi-modal tickets offered by Network One. Whilst these proposals would allow for a consistent approach across the region, such schemes require reimbursement, and expansions in availability would therefore increase the cost of reimbursement for which funding is not currently available.
- 1.8 It is clear from the study that the cost and availability of tickets has a big impact on where young people choose to study. Better access to jobs, social experiences and education establishments will unlock growth in the youth market, potentially enhancing future economic prosperity in the region.
- 1.9 These findings are useful in helping to inform the next stage of the vision for the task and finish group to look at making multi modal ticketing more attractive. The group wishes to see the introduction of an affordable, integrated fare offer for young people that is consistent and tackles the barriers that prevent young people from travelling.
- 1.10 Whilst the Group has initially focused on bus travel, it is inevitable that as discussions progress, consideration needs to be made for other modes, principally the Metro system. Nexus is currently evaluating a revised offer for young people and will discuss proposals with the Tyne and Wear Sub-Committee as part of its annual fares review later this year.
- 1.11 Engagement with young people is very important. The consultancy study has included focus group interviews with young people, but engagement with youth officers in each council who look after youth parliaments has commenced and when appropriate proposals have emerged, youth parliament representatives will be involved.

2. Proposals

- 2.1 The Chair of the Task and Finish group will pursue a joint press release with bus operators when plans by bus operators to improve eligibility on their services in the NECA area have been finalised.

Transport North East Committee

3. Reasons for the Proposals

- 3.1 To ensure that young people are made aware of the improvements to bus fare eligibility in the NECA.

4. Alternative Options Available

- 4.1 Not applicable

5. Next Steps and Timetable for Implementation

- 5.1 The Task and Finish Group is to continue exploring opportunities to improve the ticketing offer for young people, in particular, regarding multi modal ticketing, taking into account the findings from the consultancy study.
- 5.2 The Chair and members of the group will pursue a joint press release with bus operators to inform passengers of improvements to bus ticket eligibility. It is anticipated that this will be done in time for the start of the new school term in September 2017.
- 5.3 A further meeting of the Task and Finish Group is to be held in July.

6. Potential Impact on Objectives

- 6.1 A recent study, the Overview and Scrutiny Committee Policy Review into Transport related barriers to education, employment and training, has highlighted issues around young persons' access to work education and training. Any improvements that can be made to the ticketing offer for young people on public transport would help NECA achieve its objective to improve accessibility.

7. Financial and Other Resources Implications

- 7.1 No implications to consider in this report

8. Legal Implications

- 8.1 No implications to consider in this report

9. Key Risks

- 9.1 No implications to consider in this report

10. Equality and Diversity

- 10.1 No implications to consider in this report

Transport North East Committee

11. Crime and Disorder

11.1 No implications to consider in this report

12. Consultation/Engagement

12.1 Relevant consultation/engagement will be held when proposals are formulated.

13. Other Impact of the Proposals

13.1 Not applicable

14. Appendices

14.1 Not applicable

15. Background Papers

15.1 NECA Concessionary Travel TNEC report November 2016

16. Contact Officers

16.1 Tobyn Hughes, Managing Director (Transport Operations)
tobyn.hughes@nexus.org.uk Tel: 0191 203 3236

17. Sign off

- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓

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Transport North East Committee

Date: 13th July 2017

Subject: Air Quality issues in the NECA area

Report of: Lead Chief Executive for Transport

Executive Summary

The purpose of this report is to update the Committee on the government's recently-published Plan for improving air quality in the UK and the response submitted by the North East Combined Authority.

Recommendations

The Transport North East Committee is recommended to note this report.

Transport North East Committee

1. Background Information

- 1.1 Poor air quality is the largest environmental risk to public health in the UK. Despite improvements in overall air quality over recent decades, air pollution still has a significant adverse effect on public health, particularly amongst more vulnerable groups, including the elderly, children and people already suffering from pre-existing health conditions such as respiratory and cardiovascular conditions. Studies have suggested that the most deprived areas of Britain bear a disproportionate share of poor air quality.
- 1.2 The UK currently meets all its statutory air quality obligations except in relation to nitrogen dioxide (NO₂) concentrations around roads. The Committee on the Medical Effects of Air Pollutants (COMEAP) has identified that the evidence associating exposure to NO₂ with health effects has strengthened substantially in recent years. An estimate of an effect on mortality equivalent to 23,500 deaths annually in the UK has been made on the basis of NO₂ concentrations.¹
- 1.3 Many of the sources of NO₂ are also sources of particulate matter (PM). The impact of exposure to small particulate matter pollution (PM_{2.5}) is estimated to have an effect on mortality equivalent to nearly 29,000 deaths in the UK.²
- 1.4 There may be overlap between these two estimates of mortality, but the combined impact of these two pollutants is a significant challenge to public health. Recommended limits for exposure have been set taking account of guidelines by the World Health Organisation.

2. The government's Air Quality Strategy

- 2.1 Given the serious public health issues involved, there have been growing calls for a government strategy to address air pollution. In November 2016, the High Court ruled that the government was not doing enough to combat the national air pollution crisis and was in breach of EU law and domestic regulations. In May this year, a further court ruling ordered the government to publish its strategy with immediate effect and not wait till after the election, which was the intention.

¹ Defra analysis using interim recommendations from COMEAP's working group on NO₂. The working group made an interim recommendation for a coefficient to reflect the relationship between mortality and NO₂ concentrations (per µg/m³). COMEAP has not yet made any estimates of the effects of NO₂ on mortality. Any analysis will be subject to change following further analysis by the working group and consultation with the full committee.

² COMEAP (2009) The Mortality Effects of Long-Term Exposure to Particulate Air Pollution in the United Kingdom

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/304641/COMEAP_mortality_effects_of_long_term_exposure.pdf

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2.2 The strategy was duly published on 5th May and sets out a range of possible measures to reduce emissions as quickly as possible, while avoiding undue impact on the motorist. It states that charging-based Clean Air Zones (CAZs) should only be implemented if absolutely necessary to bring nitrogen dioxide concentrations down to legal levels. A CAZ will only be approved by ministers if it can show that:

- It is likely to cause NO₂ levels in the area to reach legal compliance within the shortest time possible;
- The effects and impacts on local residents and businesses have been assessed and there are no unintended consequences; and
- Proposals that request central government funding support demonstrate value for money.

The strategy is published online at https://consult.defra.gov.uk/airquality/air-quality-plan-for-tackling-nitrogen-dioxide/supporting_documents/Draft%20Revised%20AQ%20Plan.pdf

2.3 Before progressing a CAZ, local authorities are directed to consider other options including retrofitting local bus, HGV and taxi fleets, use of new fuels, promoting ultra-low emission vehicles, encouraging the use of public transport, cycling, walking and car sharing, as well as improving road layouts and junctions to optimise traffic flow, such as by removing road humps.

2.4 The strategy states that, according to the Government's modelling, around 40 local authorities in England have one or more roads projected to remain in breach of air quality limits for some years ahead unless action is taken – these authorities include Newcastle, Gateshead and South Tyneside in the NECA area.

2.5 It should be noted that there are discrepancies between the national data used in the government's strategy and data derived from our own local air quality monitoring. As an example, within Gateshead, data reported as part of the Local Air Quality Monitoring (LAQM) requirements demonstrates that, at a local level, the current Air Quality Management Area status for parts of the borough could be revoked, rather than a CAZ needing to be introduced.

3. NECA's response to the consultation

3.1 The published Air Quality Plan was accompanied by an online consultation seeking views on a range of questions about how air quality could be improved. The deadline for responses was 15th June and, following consultation with the Transport Thematic Lead, Transport Portfolio Holders in all NECA authorities and senior transport officers across the area, NECA submitted a response prior to the deadline, a copy of which is attached as Appendix A. The key points made in the NECA response are outlined below.

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- Clear national direction and guidance is needed from the government and the problem should not just be passed down to local authorities for them to address
- Government should introduce measures at a national level that will have nationwide benefits such as changes to taxation, incentives to buy cleaner vehicles, support for rail freight and centrally managed vehicle scrappage schemes
- Piecemeal treatment at a local level could result in a series of localised CAZs with differing standards and approaches to charging which would cause confusion for the public and added costs for the bus and road haulage industries
- Government needs to provide local authorities with additional financial support (comprising both capital and revenue funding) and necessary legal powers to enable them to deliver local improvements; the problem cannot be adequately addressed using current (and diminishing) council budgets

Whilst guidance and action at a national level are needed, we have also identified measures that could be taken by local authorities, in conjunction with the NECA, to improve air quality in the region. These include:

- Traffic flow improvement schemes such as investment in road infrastructure and the use of Urban Traffic Management Control (UTMC) facilities, such as variable message and car park signing systems, travel and driver information
- Road safety schemes such as 20mph zones.
- Retrofitting buses which have routes in Air Quality Management Areas or are used for park and ride journeys to reduce emissions
- Long term upgrading and improvement of bus fleets by the main operators, and bus lane enforcement.
- Pedestrian and cycle route improvements and development of new routes
- Working with the taxi community through changes to licensing.
- Behavioural change campaigns, such as Go Smarter
- Securing improved fuel efficiency in freight vehicles through the Fleet Operators Recognition Scheme that is promoted in this region by the

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North East Freight Partnership.

- Investment in mapping/route information for large goods vehicles to ensure they use the most appropriate routes (as commercial SatNav systems are not always suitable for goods vehicle traffic) and promotion of low-emission vehicles and cycle logistics for 'last mile' deliveries
- Promotion of, and improving infrastructure for, low-emission vehicles
- Better enforcement of engine idling through appropriate legal powers

4. Future measures to improve air quality

- 4.1 There are opportunities for policies and measures to be incorporated into the NECA Strategic Transport Plan and NECA Bus Strategy to support reducing air pollution through transport measures. This will put us in a better position for any suitable transport infrastructure or behavioural change funding opportunities that become available.
- 4.2 The NECA will shortly be progressing local carbon vehicle initiatives through Go Ultra Low and European funding to enhance the electric vehicle charger provision in parts of the NECA. The NECA will also shortly be going out to procurement for the overall management and maintenance of local authority owned EV charge points, which our local authorities can call off. Although this is focused on greenhouse gas emissions it will also help in reducing air pollution.
- 4.3 In addition, the NECA is also progressing a strategic level Cycling and Walking Strategy and Implementation Plan for the area, which will put us in a better position for future pedestrian and cycling infrastructure funding opportunities and make these modes more attractive to existing car users.
- 4.4 With regard to freight vehicles, the North East Freight Partnership will continue to develop its range of online freight routing maps as well as promoting the Fleet Operators Recognition Scheme (FORS) which, at a national level, has delivered improvements to fuel consumption amongst scheme members, with associated benefits for air quality. We will seek to promote FORS through the procurement process and also to expand it to local authority fleets.

5. Proposals

This report is for information only and there are no specific proposals being put to the Committee.

6. Reasons for the Proposals

Transport North East Committee

Not applicable.

7. **Alternative Options Available**

Not applicable.

8. **Next Steps**

The key next steps are for the production of the various documents listed in Section 4 which will help to identify various measures to be taken by the NECA to improve air quality. These comprise the:

NECA Strategic Transport Plan

NECA Bus Strategy

NECA Cycling and Walking Strategy and Implementation Plan

We will also await the government's response to the consultation and, in particular, whether any new funding opportunities come forward.

9. **Potential Impact on Objectives**

Progress on improving air quality will assist the Combined Authority in delivering its objective to improve the public health of the region's residents and to create the best possible conditions for growth in jobs, investment and living standards.

10. **Financial and Other Resources Implications**

The Government has been requested to identify additional revenue and capital funds. At this stage measures have not been costed. Any further proposals will need to be costed and considered as part of existing budgets or as bids for additional funding.

There are no specific implications in terms of ICT or Human Resources.

11. **Legal Implications**

There are no legal implications arising from this report.

12. **Key Risks**

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- 12.1 The key risk for NECA is that, against a background of continuing austerity, there are insufficient resources available to invest adequately in attractive alternatives to car use or other measures to de-carbonise our transport network. As a result, air quality continues to deteriorate with negative consequences for public health and the economy of the region.
- 12.2 To mitigate this risk, NECA will work closely with stakeholders to identify all possible funding opportunities and will continue to emphasise to government the benefits of investment in public transport, cycling, walking and low-carbon modes of travel throughout the region.

13. Equality and Diversity

Studies have suggested that the most deprived areas of Britain bear a disproportionate share of poor air quality. Successful action to improve air quality should therefore contribute towards a fairer and more equal society.

14. Crime and Disorder

There are no specific crime and disorder implications arising from this report.

15. Consultation/Engagement

All of the transport schemes and programmes listed in this report are subject to appropriate consultation with relevant stakeholders and the NECA Strategic Transport Plan, when published in the autumn, will be subject to a period of statutory public consultation.

All NECA local authorities were involved in developing our response to the consultation on the draft Air Quality Action Plan.

16. Other Impact of the Proposals

Success in improving air quality will benefit the region's environment and help to achieve a better quality of life for our residents.

17. Appendices

Appendix: NECA response to the government's consultation

18. Background Papers

Transport North East Committee

Draft UK Air Quality Plan for tackling nitrogen dioxide – May 2017 -
https://consult.defra.gov.uk/airquality/air-quality-plan-for-tackling-nitrogen-dioxide/supporting_documents/Draft%20Revised%20AQ%20Plan.pdf

19. Contact Officers

19.1 Tobyn Hughes Managing Director, Nexus
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 Tel: 0191 203 3246

20. Sign off

- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer ✓

Transport North East Committee

North East Combined Authority (NECA) Response to the DEFRA / DfT Consultation: Tackling nitrogen dioxide in our towns and cities

1 - How satisfied are you that the proposed measures set out in this consultation will address the problem of nitrogen dioxide as quickly as possible?

Respondents were asked to tick a box with various options ranging from “very satisfied” to “very dissatisfied” and then to provide comments explaining their answer. We ticked the “dissatisfied” box and then stated:

The North East Combined Authority consists of the seven local authorities of Durham County Council, Gateshead Council, Newcastle City Council, North Tyneside Council, Northumberland County Council, South Tyneside Council and Sunderland City Council. The Combined Authority reinforces and strengthens existing partnership arrangements to collectively drive forward change and enable economic growth across an area of almost 2 million people.

Maintaining and improving a sustainable and integrated transport network that supports the mobility needs of businesses and residents without adverse impacts on the environment is a key goal of the Authority, in order to promote economic growth and enhance the quality of life for people living in the region. We work closely with Nexus, the Passenger Transport Executive for Tyne and Wear, and with Northumberland and Durham County Councils, to improve transport services across the region.

Air quality is an issue of serious concern to both the NECA and the individual local authorities which it comprises. This response has been produced in consultation with these authorities, some of whom will be producing their own individual responses. In general, we feel that local authorities are best placed to identify solutions that reflect the localised nature of air quality issues. The NECA’s main role is to support them in this process, especially in regard to region-wide transport delivery or behavioural change initiatives, helping to support integration between plans and modes, and also liaising with central government where action is needed at a national level.

Initially, we feel there are concerns over the evidence used to identify the scale of the problem. The DEFRA modelling is carried out at a coarse national level, with very limited local data and poor local validation. As a result it does not reflect the local monitoring evidence in this region. As an example, within Gateshead local trends reported as part of the Local Air Quality Monitoring (LAQM) requirements demonstrate that, at a local level, the current Air Quality Management Area status for parts of the borough could be revoked, rather than a Clean Air Zone (CAZ) needing to be introduced. This leads us to question whether there are similar issues with the data for other local authorities.

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Whilst it is acknowledged that the approach the Government has agreed with the EU is different from that applied for current LAQM requirements, the question remains as to whether there is a local public health impact to address if monitoring of the closest receptors complies with annual and hourly objectives. If, so, how can a CAZ be justified?

Furthermore, we do not believe that the proposals put forward by the Government in its consultation document and draft plan are sufficiently robust to address the problems set out in the plan in the shortest possible time. We feel that that the government are passing on the problem for local authorities to solve without committed funding, necessary legal powers or clear advice on how to solve these issues. Without national guidance there is a clear risk of unintended consequences and conflict in approach between adjacent regions.

The government should introduce measures at a national level that will have nationwide benefits such as changes to taxation, incentives to buy cleaner vehicles and centrally managed scrappage schemes, rather than piecemeal treatment of local hot spots which could result in inconsistent approaches being employed across the country. Localised CAZs with differing standards and approaches to charging are likely to cause confusion and added costs for the public transport and road haulage industries and could result in traffic rerouting and increased fuel usage, possibly causing road safety and air quality problems on other parts of the network.

The government's failure to tackle this problem at source with manufacturers is a concern. A firm national commitment is needed regarding effective changes to diesel vehicle taxation and other measures such as a national scrappage scheme. The plans lack ambition and commitment by the Government to address at a national level a problem that is responsible for over 20,000 deaths per year.

Government support is also needed to ensure the necessary legislation is in place that allows local authorities to address behaviours that worsen air quality – for example, current legislation regarding idling vehicles is not sufficient to enable this practice, which causes unnecessary air pollution, to be properly tackled in local areas.

Local authorities clearly also have an important role to play. However, councils in England have been subject to large reductions in government funding over recent years which have led to severe cutbacks in discretionary budgets and staff resources. It will not be possible to effectively respond to this challenge at a local level without additional new funding.

2 - What do you consider to be the most appropriate way for local authorities in England to determine the arrangements for a Clean Air Zone, and the measures that should apply within it?

What factors should local authorities consider when assessing impacts on businesses?

Clearly, a well-defined set of national measures will have a more significant impact on NO_x levels in the UK than piecemeal interventions at a local level.

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Should local measures also be implemented, these should be a targeted package. They should promote sustainable and active travel and should be careful to avoid unnecessary adverse impacts on the local economy. This leads us to the conclusion that the definition of a formal CAZ is not a pre-requisite although a non-charging CAZ would be a possible solution.

At a time when the regional economy is recovering from recession, charging regimes of this kind are unlikely to be appropriate. Measures should not disadvantage areas of deprivation, impose additional costs of travel on the community or undermine wider regeneration and land use objectives. Improvements to bus standards, engagement with the freight sector and licensing changes to taxi and private hire vehicles are likely to have an impact but there would also need to be funding to support the transition to cleaner vehicles.

Measures such as those funded through the LSTF programme and Access Fund have a positive impact on active travel and promote a culture change with both long and short term benefits. Encouraging active travel has a double benefit in health terms by both removing pollutants and increasing physical activity. The Go Smarter programme operating within Tyne and Wear (and more recently the wider NECA region) since 2011 has reduced 'school run' car traffic (latest year-on-year figures for primary schools show a drop in car use from 36.4% to 35.6%), and promoted active travel, most recently through our 'Make the Switch' campaign.

These types of initiatives do, however, require revenue funding alongside capital investment. In addition, investment in capital infrastructure benefits from a supporting package of behaviour change initiatives to maximise impacts.

Unfortunately, to our disappointment, the NECA was not successful in a recent Access Fund bid and as a result a number of successful and well-established projects are having to be wound down or scaled back due to lack of funding to continue them in their present form.

We acknowledge that it is not possible or feasible for everyone to make an entire journey by sustainable modes. However, Park and Ride sites can encourage people to only use their car for part of their journey and travel by bus or Metro for the remainder. The use of Park and Ride facilities can alleviate urban congestion that gives rise to air quality issues and, as an example, it is estimated that the three Park and Ride sites situated on key routes into Durham help reduce peak hour congestion in the city centre by 5%.

Our light rail network, Metro, connects the urban areas of Tyne and Wear and annual patronage is approximately 40 million people. Metro makes a significant contribution to congestion reduction, removing an estimated 40,000 car journeys from the region's roads each day. Car parking facilities are available at 30 Metro stations, providing approximately 2,750 parking spaces in total.

A further activity that is likely to have significant localised benefits is the use of traffic management to manage air quality. By using air quality motes, ANPR and traffic signal control

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journey times, public transport priority and air quality can be optimised. Gateshead Council is investigating this approach using its allocated Air Quality Grant for 2016/17.

In general, we feel there is a potential role for local non-charging CAZs but we need to carefully examine the potential effects on businesses, possible adverse effects from vehicle re-routing and how the CAZs will be enforced. Extensive consultation with the public and businesses will be essential and it is crucial that the guidelines for Clean Air Zones are clear and consistent across the UK to ensure that vehicle manufacturers, bus and freight operators are not faced with a range of differing local standards.

3 - How can Government best target any funding to support local communities to cut air pollution? What options should the Government consider further, and what criteria should it use to assess them?

Are there other measures which could be implemented at a local level, represent value for money, and that could have a direct and rapid impact on air quality? Examples could include targeted investment in local infrastructure projects.

How can Government best target any funding to mitigate the impact of certain measures to improve air quality, on local businesses, residents and those travelling into towns and cities to work? Examples could include targeted scrappage schemes, for both cars and vans, as well as support for retrofitting initiatives.

How could mitigation schemes be designed in order to maximise value for money, target support where it is most needed, reduce complexity and minimise scope for fraud?

It would be most cost effective to target funding that will have an impact at a national level, not just in the targeted areas. This will tackle both through traffic and local traffic in problem areas and also reduce pollution in those areas that modelling and monitoring have not yet highlighted. These national measures should include taxation of more polluting diesel vehicles and incentives to offset these costs such as scrappage or reduced taxes on new clean/ULEV vehicles.

Investment in rail freight should be encouraged as rail freight produces up to 15 times less nitrogen dioxide emissions and 90 per cent less PM10 particulates than HGVs for the equivalent journey. ³ At the very least, the government's 21 per cent cut to Mode Shift Revenue Support grants, effective from April 2017, should be reversed.

Funding should include both capital and revenue funding to ensure behaviour change programmes can be implemented to support capital schemes

At a local level it will be important that measures to improve air quality are implemented as part of a coherent overall transport strategy. These are likely to include:

³ Source: Freight on Rail Group

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- Addressing easy to change sectors such as buses by retrofitting/replacement, changes can be made to the more polluting of vehicles.
- Working with the taxi community through changes to licensing supported with incentives to change will also have an impact in sensitive centres and in high volume local traffic.
- Promotion of, and provision of infrastructure for, low-emission vehicles
- Investment in traffic management using UTMC in combination with UTC, ANPR and real time air quality monitoring will also reap benefits in managing the impact of pollution on sensitive links and receptors.
- Investment in sustainable travel infrastructure and active travel measures will support the transition away from the most polluting vehicles.
- Investment in mapping/route information for HGVs to ensure they use the most appropriate routes (as commercial SatNav systems are not always suitable for goods vehicle traffic), and encouragement of low-emission vehicles or cycle logistics for 'last-mile' deliveries
- There is wide-spread scope for improvement to fleet vehicles, however cleaner vehicles, particularly ULEVs, are usually more costly than diesel alternatives. Incentives to clean fleets should be part of a national programme and the bidding process should be proportionate to size of business.
- Investment in monitoring at a local level is also a cost effective approach to understanding the local scale of problems and validating national level modelling.

In respect of freight vehicles, the government's guidance on Clean Air Zones ⁴ recognises the role of accreditation schemes in improving environmental standards, such as the Fleet Operators Recognition Scheme (FORS) promoted in this region by the North East Freight Partnership.

Between 2015 and 2016, a sample of FORS Gold members in the UK reported annual fuel savings that are estimated to have reduced their CO₂ emissions by 9% and their local emissions (NO_x, PM, HC and CO) by around 3% per vehicle. Applying this saving to the 17,000 vehicles operated by Gold members in total equates to a saving of over 7,800 tonnes of CO₂ and 53 tonnes of NO_x per annum. There would therefore be clear air quality benefits

⁴ Clean Air Zone Framework: Principles for setting up Clean Air Zones in England (May 2017)

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from continued and intensified promotion of FORS, such as by use of local and national procurement processes to encourage take-up, and through roll-out of the scheme to local authority fleets.

A detailed, evidence-based feasibility assessment would be needed to understand fully the likely benefits and costs of all measures.

Many of these measures are reliant upon additional funding (national or local) from government. The current Air Quality Grant is subject to an onerous application process, with limited success. Government should build on experience of other grant and scrappage schemes that promote cleaner vehicles and associated infrastructure or retro-fitting rather than increasing the burden to deliver this at a local level. The potential for fraud could be best minimised by implementing schemes centrally at a national level.

Traffic using key polluting links is not always local, even on the locally managed road network, and therefore this should be managed centrally. Funding and grants should address the need for both capital and revenue funding, recognising also the increased administrative, monitoring and enforcement resources that will be necessary to seriously address this issue.

The region's allocation of Local Transport Plan Integrated Transport Block, which provides funding for small-scale capital works, has decreased by 43% since 2005/6, resulting in less funding being available for interventions to address congestion, road safety and, in this instance, air quality. Whilst we have been successful in securing some funding from the Local Growth Fund, the eligibility criteria is focused more towards increasing employment and opening up development sites. Without a dedicated funding source, the resources available to us are limited.

Restoring previous cuts to these budgets through, for example, use of the proposed 'Roads Fund' (currently intended to be used entirely by Highways England) would provide a good basis for co-ordinated local action.

Where businesses are unwilling to change vehicle types, even where funding is available to assist with scrappage then, as a last resort, local authorities should have the power to charge increased Business Rates.

4 - How best can governments work with local communities to monitor local interventions and evaluate their impact?

Targeted investment in local monitoring and a strong monitoring and evaluation framework will provide evidence to demonstrate the impact of measures. This should include monitoring of all measures implemented and must include wider area monitoring to determine any re-routing impacts as a result of traffic management or infrastructure changes.

Monitoring will require additional investment in local real time monitoring equipment at a standard that is compliant with the Government assessment approach.

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The government and local authorities should also work with public transport providers and the taxi and freight industries to define the benefits and the adverse effects if air quality issues are not addressed. Schools in affected areas could be engaged, possibly as part of science lessons, and this would also complement behaviour change initiatives aimed at reducing 'school run' traffic. This could form part of a future Go Smarter programme if funding becomes available.

5 - Which vehicles should be prioritised for government-funded retrofit schemes?

Efforts to retrofit/replace bus fleets with cleaner vehicles (newer technology, hybrid, electric) should be sustained with Government funding. Bus companies are very receptive to these opportunities and the impact could potentially be significant. Newcastle has evidence to demonstrate the air quality improvements achieved by improving the bus fleet in the Byker local centre. There would also be benefits for the economy of the UK as at least 80 per cent of the buses sold in the UK are built in this country.

We feel that particular consideration should be given to bus retrofitting as it provides more than 15 times as much value as scrappage allowances for diesel cars to convert to Euro 6 or electric.⁵

However, it is important that actions to improve air quality do not impose extra costs on the bus industry. National austerity measures have already severely curtailed funding for supported bus services across England and further route cutbacks would reduce accessibility, increase social exclusion and generate more car traffic, which is likely to worsen rather than improve air quality overall.

National licensing taxi and private hire policy (not limited to London hackney cabs) should support a modern approach to emission standards and tackle cross border trading issues relating to licensing and emissions. This will help local authorities implement local measures within the taxi fleet and overcome cross border movements that would otherwise affect individual local authority licensing policies.

A national scheme should address fleet vehicles and older private diesels. Electric vehicle charging infrastructure improvements should move in step with incentives to improve the fleet in order to prevent disillusionment with limited facilities away from home or in areas of on-street parking. Funding opportunities should take into account local authority limitations in match funding such infrastructure and the evolving model for managing and maintaining charging facilities. In view of the current growth in light goods vehicles, any scheme should not exclude small businesses and should take a proportionate approach to addressing this sector.

⁵ Improving Air Quality in Towns and Cities – Why buses are an integral part of the solution, Professor David Begg, 22nd April 2017

Transport North East Committee

6 - What type of environmental and other information should be made available to help consumers choose which cars to buy?

New and second hand sales information should be clear and concise and follow the “washing machine” efficiency scale model. It should form a prominent part of sales information to help increase public awareness of the issues. It should include all relevant pollutants, not just CO₂. Information should take into account typical life time impacts, real driving conditions and life time costs.

Manufacturer real driving information should be published by government to help in the comparison and purchase of vehicles; again, these should be life time factors and a calculator should be available to make comparisons.

There should be more information available about electric vehicle charging point availability, consumption rates and residential charging point schemes. At the moment, the lack of clear information is a deterrent to investment in low-emission vehicles with consumers anxious about the potential range they can travel in electric vehicles and whether suitable re-charging facilities will be available.

7 - How could the Government further support innovative technological solutions and localised measures to improve air quality?

Government should support investment in Intelligent Transport Systems (ITS) that improve traffic management and information. It should support development and implementation of cost effective, real time, accurate monitoring. This should include investment in using this technology in combination with other ITS for monitoring and traffic management.

Nationally, investment is needed to support the development of electric vehicle charging infrastructure and business model awareness. ULEV charging infrastructure needs to evolve now that ULEVs are more advanced and more commonly available. This development should include models for interoperability, roll out, management and maintenance of this infrastructure including both the planning process and retro-fitting. Lack of infrastructure is likely to hold back local uptake particularly where only off-street parking is available. Support is needed in this area that takes into account limitations in match funding.

8 - Do you have any other comments on the draft UK Air Quality Plan for tackling nitrogen dioxide?

Evidence based on the national methodology of the need for CAZs, either charged or un-charged, is contradictory to that of local monitoring. This needs resolving prior to implementation of any measures. There needs to be more acceptance of the evidence produced by localised air quality monitoring, so that it can actively feed into the national data sets.

Transport North East Committee

If the discrepancies between the national and local level results are not resolved, this may mean that local authorities are unwilling to accept, or may challenge, the information provided in the DEFRA Air Quality Plan and this could inhibit progress on addressing the issue which requires effective local and national joint working on targeted mitigation measures.

The implementation of any measures should be based on a clear evidence base and cost-benefit assessment set out in a feasibility study. Substantial central funding will be required to support any assessment and subsequent package of measures.

It is apparent within the consultation documentation that the Government intends to direct responsibility for addressing this problem to local authorities but without any clear funding commitments. The NECA would emphasise in conclusion that:

- A number of measures could be implemented at a national level that would result in wide scale improvements across the country and would ensure a common approach
- Where action is needed at local level, local authorities need to be provided with the necessary financial resources and appropriate legal powers. An issue of this importance cannot be properly addressed with the limited (and shrinking) local authority budgets currently available.

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Transport North East Committee

Date: 13th July 2017

Subject: Electric Vehicle Charging Infrastructure

Report of: Lead Chief Executive for Transport

Executive Summary

The purpose of this report is to update the Committee on progress which is being made with the Go Ultra Low (GUL) Programme, and work being carried out to streamline and make best use of existing local government based Electric Vehicle (EV) charging resources in the North East Combined Authority (NECA) area.

Recommendations

The Transport North East Committee is recommended to note this report.

Transport North East Committee

1. Background Information

- 1.1 The GUL Programme comprises a £4.33m funding pot for delivering interventions designed to increase the take up of EVs in the area. The NECA Regional Transport Team (RTT) is leading on the delivery of the programme with support from individual councils.
- 1.2 At its meeting in April the Leadership Board approved delegated authority to the Head of Paid Service to progress the GUL project. It has been agreed with the Head of Paid Service that the project will report to a 'Technical Steering Group'. Subsequent update reports will be taken to Leadership Board as and when key decisions need to be made.
- 1.3 Government targets call for between 17,476-20,740 Ultra Low Emission Vehicles (ULEVs) in the NECA area. However, a recent demand study showed that, if trends in EV use continue, then there will only be 7500 EV's in the region by 2020. Central government has set the aim that all cars and vans on our roads will be zero emission by 2050. There is also a national target that 9 per cent of new car and van sales would be electric by 2020.
- 1.4 There is pressure on the current EV charging infrastructure primarily because it is reaching the end of its useful life and incurs relatively high maintenance costs, with a range of approaches taken by local authorities to maintenance.
- 1.5 It is therefore proposed to establish a common approach to management of EV charging infrastructure across the North East by procuring a framework contract available for use by all local authorities and Nexus. A standard approach to charging users for the electricity would be adopted, and the proceeds used to offset maintenance costs. Car parking charges would remain at the discretion of each authority. The contract would also provide a call off contract for the supply and installation of new EV charging points.

2. GUL Programme

- 2.1 In September 2016, the NECA submitted a bid to the European Regional Development Fund (ERDF) for £1.5 million in order to supplement the earlier funding award of £1.53m from the Office for Low Emission (OLEV) which the NECA received in March 2016.
- 2.2 Partnership working with Newcastle University has resulted in the programme being supplemented by funding of £1.3 million from Newcastle University's UK Collaboratorium for Research into Cities (UKCRIC) funding source for a rapid charger filling station on the Science Central site in Newcastle.
- 2.3 In February 2017, the NECA was informed that the bid had been successful in

Transport North East Committee

principle subject to the signing of a Grant Funding Agreement which includes agreeing to a series of grant specific conditions.

2.4 The Programme is funded through three main sources:

- £1.53m awarded to NECA from the Office for Low Emissions
- £1.5m awarded in principle from the European Regional Development Fund which is processed via the Department of Communities and Local Government
- £1.3m awarded to Newcastle University

The main deliverables of the programme will cover:

- Construction of two EV filling stations (one to be wholly owned by Newcastle University);
- Six Rapid Charging Clusters consisting of 2 or 3 rapid chargers across the NECA area;
- Revenue to manage the project;
- Innovation accelerator work to encourage local SMEs to capitalise on the EV opportunities: and
- Work with SMEs to encourage use of the EV charging network and cut their business travel carbon footprint; and

2.5 It is intended that a contract would be let for the design, build, operation and maintenance of the EV filling stations and one for the Rapid Charging Clusters for a 3 year period, with option to extend. This is linked to the duration of the funding agreement. At the end of the operating period, a review will determine whether the contract should be re-let, or whether the infrastructure operation and maintenance should be incorporated into a different operating model.

2.6 As noted above, one of the EV filling stations will be located at Newcastle University as a condition of grant funding that was outside the GUL programme. The second EV filling station will be located adjacent to the A19 in Sunderland, for which a parcel of land will need to be leased. This site was chosen due to the close proximity to the Strategic Road Network and forecasted demand.

Formal contractual negotiations are currently being progressed by NECA Officers with assistance from the NECA legal team at North Tyneside.

2.7 In addition, a feasibility study is being developed to investigate and recommend the most suitable locations for the Rapid Charging Clusters. The study will consider the most suitable locations based on a number of criteria including usage demand and cost of installation. Final agreement of the locations will be

Transport North East Committee

made at Technical Steering Group. Following this study, a procurement exercise will commence.

3. EV Charging Points

- 3.1 The North East of England was one of the first locations in the UK to install EV charging points, taking advantage of the 'Plugged in Places' initiative early on this decade. Most of the current charging point in the NECA were installed at this time, and are now in need of updating or replacement. There was no provision made for the maintenance of chargers installed in the NECA through 'Plugged in Places' funding.
- 3.2 Furthermore, some of the charging points do not now meet the required European standard, which will come into force for newly installed EV chargers from November 2017 and for existing chargers being repaired from November 2018. Local Authorities have carried out some upgrades recently to meet this standard. However, it is anticipated that at least £130k will still need to be spent across the NECA area to comply with this requirement should Local Authorities wish the chargers to be available for use.
- 3.3 Currently six of the seven Local Authorities and Nexus have an informal agreement in place with a company called Charge your Car Ltd for the back office management function. This is a legacy of the 'Plugged In Places' programme and was not market tested to determine value for money. Separate arrangements are in place in South Tyneside due to a more recent grant award.
- 3.4 The RTT will undertake a procurement exercise on behalf of the Local Authorities and Nexus for the management and maintenance of the existing network of charging points. This approach has been endorsed by the NECA Economic Directors Group. There will also be a call-off element to the contract which will allow Local Authorities and Nexus to procure new charging points. The procurement may include an option to upgrade existing infrastructure to the required EU standards.
- 3.5 The aim of the procurement exercise is to reduce, or ideally eliminate, the cost to the Local Authorities and Nexus of managing and maintaining the charging points. To achieve this the successful operator will be able to charge the end user; although the contract would stipulate that the charges would be aligned to the wider GUL programme pricing structures.
- 3.6 It is proposed to align the period of the framework contract for EV charging points with the contract for new EV equipment to be installed under the GUL project, which is currently proposed to be a 3+1+1 year contract. This will allow for a strategic decision to be made taking account of all EV charging infrastructure at the conclusion of the GUL project.

Transport North East Committee

- 3.7 It is expected that procurement will begin shortly and that a contract will be in place by early 2018.

4. Next Steps

- 4.1 Negotiations continue to progress for the lease of the land in Sunderland for the EV filling station which is part of the GUL programme.
- 4.2 Work will continue with the production of the tender specification for the EV filling stations and it is anticipated that procurement will begin over the next two months. In addition, the feasibility study in order to confirm the final locations for the EV rapid charging hubs will also be procured.
- 4.3 The RTT will put in place contracts lasting for three years for the management of EV charging points, the purchase of EV maintenance equipment and installation / maintenance.

5. Potential Impact on Objectives

Maintaining and enhancing the NECA's EV charger infrastructure will assist the NECA in delivering its objective to move to a low carbon economy and to reduce transport based carbon emissions.

6. Financial and Other Resources Implications

The proposed programme of works will be fully funded by external grants which will be awarded to NECA and Newcastle University, including costs of programme management. £1.53m has already been secured from the Office for Low Emissions and the funds are held by NECA. £1.5m has been awarded in principle from European Regional Development Funds, which would be paid to NECA based on claims in arrears over the life of the project if confirmed.

There are no specific implications in terms of ICT or Human Resources.

7. Legal Implications

There are no legal implications resulting from this updating report.

8. Key Risks

The key risk for NECA is that, against a background of continuing austerity, there are insufficient resources available to invest adequately in the NECA's local government based EV chargers to meet the expected increased demand for quick, accessible and efficient EV charging facilities.

To mitigate this risk, NECA will progress delivery of its EV fillings stations and

Transport North East Committee

rapid charge clusters. It will also, through the proposed procurement exercise, seek to have a streamlined and joined-up approach to EV charger management and maintenance, delivered in partnership with the winning tenderer, who will deliver it on a commercial basis.

9. Equality and Diversity

There are no equality and diversity implications from this report.

10. Crime and Disorder

There are no specific crime and disorder implications arising from this report.

11. Consultation/Engagement

Work on the existing EV charger infrastructure and maintenance has involved assistance from officers from the NECA local authorities and Nexus. An EV Group involving these officers is expected to meet early in July to consider a specification for this procurement exercise.

12. Other Impact of the Proposals

Enhancing EV charger provision in the area will encourage EV use. This will improve the environment, reducing greenhouse gas emissions and air pollution. It will also benefit NECA based vehicle manufacturers and part suppliers investing in electric vehicle production.

13. Appendices

13.1 None.

14. Background Papers

Agenda Item 8- Project Approvals- Local Growth Fund and Go Ultra Low
North East Leadership Board- 21st March 2017

15. Contact Officers

Tobyn Hughes	Managing Director, Nexus
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16. Sign off

Transport North East Committee

- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓

17. Glossary

None.

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Transport North East Committee

Date: 13 July 2017

Subject: The Go Smarter programme

Report of: Lead Chief Executive for Transport

Executive Summary

This report outlines how elements of the Go Smarter programme are being maintained across the NECA area without Access Fund. The Committee is asked to note the Go Smarter legacy programme that can be accommodated within existing resources.

Recommendations

The Transport North East Committee is asked to note the Go Smarter legacy programme that can be accommodated within existing resources.

Transport North East Committee

1. Background Information

1.1 Introduction

The North East has a strong track record for the successful delivery of programmes that promote sustainable travel choices under the Go Smarter brand.

The Committee received a report on 20 April 2017 setting out the detail of delivery during 2016-17 with funding through the Sustainable Travel Transition Fund (STTY). The report also described the development of legacy proposals intended to take forward and mainstream a number of these initiatives in the absence of Access Funding.

Note: Durham County Council was successful in securing additional funding through a consortium led by Blackpool Council for the 'Walk To' project, working with voluntary sector organisation Living Streets. So some of the activities previously delivered in Durham under Go Smarter will continue, albeit under a different brand.

1.2 The Go Smarter legacy programme

Committee will recall that although the NECA bid to the Access Fund was unsuccessful, various projects are continuing. The projects are described below, grouped under the main themes.

Cross-cutting:

Dedicated communications support is available until 30 Sept 2017. The Go Smarter website will continue to act as a central point of information for the programme. It hosts resources for schools and workplaces, available to download. Make your Own Map is a feature by which a destination can create a bespoke PDF map of their locality. The map is free to download and print locally (professional printing carries a charge). The Go Smarter apps incentivise and reward travel by active and sustainable modes. Make the Switch is a 'call to action' used in campaigns such as Air Quality in Gateshead, whereby residents complete a short questionnaire and car users are offered a POP PAYG card pre-loaded with credit to try out public transport. Active Travel Hubs are facilities located across the NECA area, used as a focal point for delivering walking and cycling activities.

Schools Go Smarter:

Under the Schools Go Smarter brand, projects funded by Northumbria Safer Roads Initiative (NSRI) will continue until Summer 2019 in Northumberland and Tyne and Wear, namely bus induction, child pedestrian training, journey planning, Metro induction, promotion of the Under 16 POP card, Theatre in Education, and teaching resources website. Hands up survey data from the schools will be collected using the Modeshift system and schools will be encouraged to apply for Modeshift STARS accreditation awards. Intensive active travel promotion (walking, cycling, scooting) will be delivered in Gateshead schools until July 2020 using internal funds.

Transport North East Committee

Go Smarter Ways into Work:

Jobseekers tickets will continue to be available via Ingeus and JobCentrePlus in Tyne and Wear, and through agencies in Durham and Northumberland. The scooter loan schemes in Durham (for residents of Chester-le-Street, Stanley or Mid-Durham Area Action Plan areas) and Northumberland have funding until March 2018.

Go Smarter to Work:

The Go Smarter accreditation awards will continue. Regional Transport Team (RTT) will receive and approve applications. Sunderland have secured internal funds to allow the continuation of proactive business engagement until March 2019. The Go Smarter Business Network will continue until at least 31 March 2018, with a membership fee being charged this year. Procurement is currently underway for a travel planning database for NECA and this will be licenced for at least 2 years.

2. Proposals

- 2.1 If further funding could be secured, then options to address the gaps in current provision would be developed. NECA officers will proactively seek opportunities to fund additional activities.

3. Recommendations

- 3.1 TNEC is recommended to note the Go Smarter legacy programme that will continue with existing resources.

4. Next Steps and Timetable for Implementation

- 4.1 At least 3 months prior to each existing funding streaming ending (for example the Go Smarter Business Network on 31 March 2108) a critical review will be undertaken by the RTT and a recommendation put forward to Heads of Transport (HoT) as to whether it should be continued and if so, how it should be funded. A report will be brought to TNEC for a decision.
- 4.2 If a bidding opportunity arose specifically for the promotion of sustainable travel, albeit not such opportunity currently exists, then the RTT would draft, on behalf of NECA, a submission in line with the specific objectives of the bid. An example of this could be the reduction in Nitrogen Dioxide to improve air quality or an increase in active travel to improve public health outcomes. In such an event it is proposed that the RTT would consult with Sustainable Transport Group (STG) and HoT members in drafting a submission with a report being presented to TNEC at the earliest opportunity.

Transport North East Committee

5. Potential Impact on Objectives

- 5.1 Delivery of the measures included in the Go Smarter legacy programme will assist the Combined Authority in delivering its objective to achieve a more sustainable transport system for the region.

6. Financial and Other Resources Implications

- 6.1 There are no financial implications from the current Go Smarter legacy programme as set out in Section 1 since all funding streams identified have been secured.

If a bidding opportunity arose then the financial and resource implications of the bid would be scrutinised.

7. Legal Implications

- 7.1 There are no legal implications arising from this report which is for information only.

8. Key Risks

- 8.1 Risks for each project in the current Go Smarter legacy programme as set out in Section 1 are being managed on a day-to-day basis by the RTT. Issues arising from projects are highlighted to the RTT and discussed at STG and HoT.

If a bidding opportunity arose then the risks associated with the proposed bid would be identified and listed in a risk register.

9. Equality and Diversity

- 9.1 There are no specific equalities and diversity implications arising from this report.

10. Crime and Disorder

- 10.1 There are no specific crime and disorder implications arising from this report.

11. Consultation/Engagement

- 11.1 There are no specific consultation/community engagement implications arising from this report. The Go Smarter programme has a communications plan.

Transport North East Committee

12. Other Impact of the Proposals

- 12.1 Increasing physical activity through active travel has health benefits. Reduction of single occupancy car use reduces congestion, reduces carbon emissions and improves air quality.

13. Appendices

- 13.1 None

14. Background Papers

- 14.1 “Go Smarter update” provided to the 20th April 2017 meeting of Transport North East Committee

15. Contact Officers

- 15.1 Tobyn Hughes, Managing Director, Nexus
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16. Sign off

- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓

17. Glossary

HoT	Heads of Transport
NSRI	Northumbria Safer Roads Initiative
RTT	Regional Transport Team
STG	Sustainable Transport Group
STTY	Sustainable Travel Transition Year

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Transport North East Committee

Date: 13 July 2017

Subject: Transport Plan for the North East

Report of: Lead Chief Executive for Transport

Executive Summary

The purpose of this report is to provide an update on the Transport Plan.

Recommendations

The Transport North East Committee is recommended to note the contents of this report

Transport North East Committee

1. Background Information

- 1.1 The purpose of this report is to update the report to the April Transport North East Committee regarding the next steps for the Transport Plan.
- 1.2 As reported to previous meetings of this Committee, NECA has a statutory duty to produce a Transport Plan for the area. Among other functions this will replace the existing Local Transport Plan (LTP) documents for Durham, Tyne and Wear and Northumberland. The Plan will set out NECA's policies and priorities for all modes of transport for the next 20 years.

2. Proposals

- 2.1 Work has continued on the draft Transport Plan. Next steps are proposed to be as follows:
- An update report to Overview and Scrutiny Committee on 11th July; the content will be similar to this report.
 - Briefings for Leaders and Elected Mayors, Chief Executives and Economic Directors between now and September.
 - A workshop for Members of Overview and Scrutiny Committee on a date to be arranged.
 - The Transport Plan to be included in the transport thematic lead update report to 14th December Overview and Scrutiny Committee.
 - Incorporation of comments from all the above into the draft Plan.
 - Member approval will be sought in due course for a full public consultation. Normally the consultation period would be 12 weeks in line with Central Government best practice.
 - Incorporation of all the comments from the public consultation into a final version for Member approval and publication.
 - Produce and publish a consultation feedback report.

3. Reasons for the Proposals

- 3.1 The reason for this proposal is to make progress with the Transport Plan.

4. Alternative Options Available

- 4.1 Not applicable

5. Next Steps and Timetable for Implementation

- 5.1 The next steps and timescales are set out in 2.1 above.

Transport North East Committee

6. Potential Impact on Objectives

- 6.1 The Strategic Transport Plan for the North East, i.e. the Local Transport Plan, is a statutory requirement for the Combined Authority as well as being key to its policies and priorities including those identified in the Strategic Economic Plan.

7. Financial and Other Resources Implications

- 7.1 The budget for the Transport Manifesto and Plan is £140k of which £34k has already been spent, leaving £106k. Although the cost of producing the Transport Plan will need to reflect the substantial consultation exercise and extensive assessment and other work that is required for the production of a significant statutory document of this type, it is the intention to contain the cost of the production of the Transport Plan within the funds available.

There are existing staff within the Regional Transport Team of the Combined Authority working on the Transport Plan. The substantial consultation exercise may require additional Human Resources.

There are no additional ICT implications.

- 7.2 The Transport Budget for future years will take into account the Manifesto and the Transport Plan and will be set in the context of the availability of local funding and the success of bids for external funding.

8. Legal Implications

- 8.1 NECA is under a duty to prepare a Local Transport Plan. The Transport Plan is required to develop policies for the promotion and encouragement of safe, integrated, efficient and economic transport to, from and within NECA's area and NECA must carry out its functions to implement these policies. The Transport Plan will be subject to a period of statutory consultation and also will be adopted in accordance with the "Budget and Policy Framework Rules of Procedure" set out in the NECA Constitution.

9. Key Risks

- 9.1 Failure to proceed with the Transport Plan would firstly be contrary to NECA's statutory duty and secondly could undermine the credibility of this region, compared to other Combined Authorities, when dealing with central government, including with any funding applications.

Transport North East Committee

10. Equality and Diversity

- 10.1 Many of the measures likely to be advocated by the Transport Plan would, if implemented, assist the Combined Authority in promoting greater equalities and diversity in the region's transport system. The Statutory Assessments which are required to be undertaken for the Transport Plan will include an Equality Impact Assessment.

11. Crime and Disorder

- 11.1 There are no specific crime and disorder implications arising from this report.

12. Consultation/Engagement

- 12.1 There was a public consultation on the predecessor document, the Transport Manifesto, in 2016, the results of which will be incorporated into the Transport Plan. There will be a full public consultation on the Transport Plan in due course.

13. Other Impact of the Proposals

- 13.1 Many of the measures likely to be advocated by the Transport Plan would, if implemented, assist the Combined Authority in achieving economic growth and a more sustainable transport system for the region.

14. Appendices

- 14.1 None

15. Background Papers

- 15.1 None

16. Contact Officers

- 16.1 Tobyn Hughes, Managing Director (Transport Operations) 0191 203 3246
tobyn.hughes@nexus.org.uk

17. Sign off

- Head of Paid Service ✓
- Monitoring Officer ✓
- Chief Finance Officer ✓

Transport North East Committee

Date: 13 July 2017

Subject: City Regions Transport Network

Report of: Managing Director (Transport Operations)

Executive Summary

The purpose of this report is to inform TNEC of the establishment of the City Regions Transport Network group and to seek nominations from TNEC to represent the NECA at the group.

Recommendations

TNEC is recommended to note the contents of this report, and nominate up to three representatives to attend the City Regions Transport Network group on behalf of NECA.

Transport North East Committee

1. Background Information

- 1.1 A City Regions Transport Network Group is being established, with the intention to have specialist politicians involved in Transport policy and representatives from the Urban Transport Group (UTG) in attendance. Nominations from Combined Authorities are being sought to join the group.
- 1.2 The intention of the group is to provide a forum in which to discuss key issues on transport and to facilitate a political network on the subject of transport. This should help add value to the work of UTG, by providing UTG a political steer on key issues, as well as allowing the group to seek to influence the national agenda on transport policy.
- 1.3 It is planned for formal meetings to take place twice a year. The meeting calendar will be designed so that the group can influence key events in the political and Government calendar.
- 1.4 Up to three representatives are allowed from each area. Therefore, TNEC should seek to nominate three Members to represent NECA at meetings of the City Regions Transport Network.

2. Proposals

- 2.1 TNEC to nominate up to three Members to represent NECA at the City Regions Transport Network group.

3. Reasons for the Proposals

- 3.1 To ensure NECA is appropriately represented and takes advantage of the opportunity to network with fellow city regions and form a collective voice on key issues on transport.

4. Alternative Options Available

- 4.1 Not applicable

5. Next Steps and Timetable for Implementation

- 5.1 Once representatives have been identified, the City Regions Network will be informed of representation from the NECA

6. Potential Impact on Objectives

- 6.1 None

Transport North East Committee

7. Financial and Other Resources Implications

- 7.1 As the City Regions Transport Network is an informal organisation, no membership fee is applicable. There is also no allowance payable from NECA for attendance.

Therefore there are no financial implications to consider in this report.

8. Legal Implications

- 8.1 No implications to consider in this report

9. Key Risks

- 9.1 No implications to consider in this report

10. Equality and Diversity

- 10.1 No implications to consider in this report

11. Crime and Disorder

- 11.1 No implications to consider in this report

12. Consultation/Engagement

- 12.1 Relevant consultation/engagement will be held when proposals are formulated.

13. Other Impact of the Proposals

- 13.1 Not applicable

14. Appendices

- 14.1 Not applicable

15. Background Papers

- 15.1 Not applicable.

16. Contact Officers

- 16.1 Tobyn Hughes, Managing Director (Transport Operations)
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Transport North East Committee

17. Sign off

- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓

Transport North East Committee

Date: 13 July 2017

Subject: Capital Programme 2016/17 Outturn and Capital Programme
2017/18 Update

Report of: Chief Finance Officer

Executive Summary

The purpose of this report is to provide the Transport North East Committee with an update on the final outturn position in relation to the 2016/17 capital programme and the first monitoring update on the 2017/18 programme. This is a requirement of the NECA constitution and is a function delegated to TNEC.

Recommendations

The Transport North East Committee is recommended to note the content of this report.

Transport North East Committee

1. Background Information

- 1.1 At its meeting held on 18 January 2016, the Authority agreed a base Transport Capital programme for 2016/17 of £96.184m including over-programming. This was revised during the year, and the latest approved programme for 2016/17 was £80.836m. This report provides an update to the Committee on the final outturn transport expenditure position for 2016/17 of £78.728m.
- 1.2 In January 2017, NECA's capital programme for 2017/18 was agreed by the Leadership Board, totalling £128.052m of which £85.148m related to Transport projects. The programme has been reviewed in light of the 2016/17 outturn and developments during the new financial year, and an update at the end of period 2 (May 2017) is provided in the second half of the report.

2. Proposals

2.1 Transport Capital Programme – 2016/17 Outturn

- 2.1.1 The outturn at the year-end against the overall Transport Capital programme for 2016/17 was £78.728m, slightly less than the latest approved programme of £80.836m.
- 2.1.2 The table below summarises the final outturn position on the Transport Capital Programme for 2016/17. Each element is set out in more detail in the following sections.

	Original approved	Latest approved	Outturn	Variance
	£m	£m	£m	£m
Local Growth Fund Transport Schemes	41.980	26.959	27.086	0.127
Metro Asset Renewal Plan	41.192	38.566	36.585	(1.981)
Nexus Non-Metro Capital Programme	0.650	0.930	0.614	(0.316)
Tyne Tunnels	0.000	1.743	1.956	0.213
Other Transport Grants	12.362	12.638	12.487	(0.151)
Total	96.184	80.836	78.728	(2.108)

Transport North East Committee

2.2 Local Growth Fund Transport Schemes – 2016/17 Outturn

2.2.1 The original budget for the year for the Transport element of the Local Growth Fund programme amounted to £41.980m, including over-programming. This was revised during the year in light of progress being made on schemes, with projects being accelerated or moved into future years as appropriate. This is permitted under the LGF grant conditions, which provide NELEP and NECA with flexibility to manage the programme within an overall funding envelope.

2.2.2 The latest forecast reported to this Committee in February 2017 was £26.959m. The actual outturn at the year-end was £27.086m, slightly higher than forecast. A breakdown of the outturn position against the various schemes comprising the programme is shown in the table below.

Scheme	2016/17 Original Budget	2016/17 Latest Approved	2016/17 Outturn
	£m	£m	£m
Lindisfarne Roundabout	2.509	3.635	3.313
Northern Access Corridor Ph 3 Stage 2	3.780	1.654	2.653
Northern Access Corridor Ph 3 Stage 1	0.361	0.346	0.038
Local Sustainable Transport Fund Package	4.822	3.367	3.575
A19 employment corridor access improvements (North Tyne)	1.750	1.752	1.996
A191 junctions including Coach Lane and Tyne View Park	1.333	1.332	1.332
Newcastle Central Station to Stephenson Quarter – Stage 1	0.190	0.190	0.190
Newcastle Central Station to Stephenson Quarter – Stage 2	2.810	0.000	0.000
A1056-A189 Weetslade roundabout improvements and A1-A19 link (A1058)	3.891	3.030	3.101
Scotswood Bridgehead – Stage 2	2.160	0.611	0.000
Scotswood Bridgehead – Stage 1	0.139	0.139	0.099
South Shields Transport Hub – Stage 1	0.873	0.873	2.673
South Shields Transport Hub – Stage 2	0.000	0.897	0.000

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Sunderland Low Carbon Zone	4.583	4.202	4.286
A1058 Coast Road	4.129	2.865	2.494
A167 Park and Ride corridor	0.500	0.000	0.000
Northern Access Corridor – Ph 2 Stage 2	0.478	0.410	0.000
Northern Access Corridor – Ph 2 Stage 1	0.000	0.068	0.068
Horden Rail Station	0.750	0.300	0.162
A185/A194/A19 (The Arches)	0.720	0.510	0.533
A19 North Bank Tyne (Swans) – Stage 1	0.300	0.175	0.175
Blyth Cowpen Road	0.600	0.600	0.398
Total	36.678	26.959	27.086

2.3 Metro Asset Renewal Programme (ARP) – 2016/17 Outturn

2.3.1 This was the seventh year of Nexus' eleven year programme to renew the Metro network where investment is directed towards those assets where there is greatest need, according to both asset condition and a risk based approach that ensures future operational requirements are fully considered.

2.3.2 Despite the table at paragraph 2.1.2 showing an under spend against the revised budget of £1.981m, the budget for any particular year should be seen in the context of the long term funding commitment from government where the following factors are a key feature of how Nexus delivers its renewal programme:

- i. The requirement from DfT that Nexus achieves at least a minimum level of expenditure and no more than a maximum level of expenditure in any one financial year (which for 2016/17 were set at £31.913m and £38.802m respectively);
- ii. The flexible way in which grant funding can be vired between financial years with up to 10% being carried forward into the following year or 10% being brought forward from the following year;
- iii. A recognition that logistical and other planning processes play a significant role in determining where resources are deployed in fulfilling the objectives of Nexus' three year rolling programme, which at any particular time involves the delivery of around 100 individual projects; and
- iv. The need for each individual project comprising the overall programme to deliver value for money.

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- 2.3.3 The 2016/17 capital budget therefore included an over-programming level of over 16%. This was necessary because experience has shown that over-programming levels reduce during the course of the year as efficiencies are delivered and/or specific projects are re-phased in order that expenditure levels are contained within the agreed DfT funding envelope.

A key benefit of this approach is that it gives Nexus the ability to actively manage the schedule and delivery of projects to drive efficiencies without a risk of falling below minimum expenditure levels. This includes obtaining procurement savings through consolidating packages of work to increase market interest and competitiveness, and ensuring that necessary disruption to the Metro service is minimised (by avoiding key events and making best use of school holidays and lower patronage windows).

- 2.3.4 During the financial year, the Metro capital budget was subsequently revised from £41.192m prior to the start of the financial year, to £38.566m.

The reduction in the budget was due to the re-profiling of individual projects, some of which were brought into the current year when the 2015/16 year was closed down, some of which have been moved into future years and some of which have been accelerated i.e. delivered earlier than previously planned.

Examples included:

- i. Radio project, reflecting the need to reschedule elements into future years in order to successfully deliver this complex project;
- ii. Railway Traffic Management System (RTMS) project, reflecting the need to reschedule to coordinate with the implementation of the Radio project; and
- iii. Overhead Line project pending delivery of specialised vehicles and materials.

- 2.3.5 These examples reflect the dynamic nature of the programme and also helps ensure spending targets are achieved.

- 2.3.6 The 2016/17 outturn for the Metro ARP Capital Programme is £35.647m, lower than the revised estimate, as detailed in the table below. However, this is within the agreed DfT funding envelope for the year which required a minimum amount of expenditure of £31.913m. The outturn is only £0.044m less than the Quarter 4 monitoring position reported to the committee earlier this year.

	Latest	Outturn
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	Approved 2016/17	2016/17
	£m	£m
Civils	1.706	1.274
Communications	3.206	3.034
Level Crossings	0.005	0.013
Mechanical & Electrical	0.282	0.176
Metro Cars	1.388	1.410
Miscellaneous	0.300	0.143
Project Management Costs	0.030	-
Overhead Line	2.617	2.483
Permanent Way	19.667	19.947
Plant	0.012	0.006
Power	0.405	0.299
Signalling	3.898	3.748
Stations	3.675	3.116
Total ARP Programme (Note 1)¹	37.191	35.647
Other Projects	1.375	0.938
Total	38.566	36.585

2.3.7 To the end of 2016/17, the following key projects have been progressed:

- The Tynemouth to Northumberland Park permanent way renewal scheme is now finished including the final drainage work which was completed in late March 2017.
- Four weekend possessions have been undertaken to renew and refurbish track and switches and crossings between Chillingham Road and St James stations. Further work at Byker Viaduct is scheduled to take place in 2017/18 to complete the scheme.
- Track re-railing within the North/South central area tunnels is now complete. Work was undertaken entirely during overnight 'Control of Line' by the Nexus internal Capital Delivery team avoiding disruption to the Metro service.
- Enabling work is underway for the track renewal scheme from Northumberland Park to South Gosforth Station. The works will be delivered in summer 2017 – timed to align with the Killingworth Road Bridge renewal scheme to minimise impact on Metro services.
- The asbestos management works within the central area tunnels was completed in March 2017 as planned.

¹ 2017/18 Approved Programme includes various projects that formed part of the original budget for 2016/17 but were subsequently carried forward for delays into future years.

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- Newcastle Central Metro Station refurbishment is now complete.
- Design work is nearing completion for a number of Metro 'halt' stations – Tyne Dock, Monkseaton, West Monkseaton and Cullercoats – to enable refurbishment to commence in the summer months.
- Detailed design is advanced for the South Shields Transport Interchange with procurement planned to start in April.
- Installation and testing of radio infrastructure is nearing completion with the fitment of equipment on Metrocars to follow, with completion now expected in late 2017.
- Preparation for the system wide renewal of the overhead line continues with training and survey work in preparation for commencement in June.

2.3.8 The outturn for 2016/17 is financed as follows:

	Funding 2016/17
	£m
ARP	
Metro Rail Grant (MRG)	32.082
Local contribution 10%	
- Local Transport Plan (LTP)	2.640
- Reserves	0.925
Total ARP	35.647
Other Schemes	
Highways Challenge Fund	0.504
Reserves	0.434
Total – other Schemes	0.938
Total	36.585

2.4 Nexus Non-Metro Capital Programme – 2016/17 Outturn

2.4.1 The latest revised budget for 2016/17 is £0.930m with expenditure at the year-end of £0.614m as set out below:

	Latest Approved budget 2016/17	Outturn 2016/17

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	£m	£m
Nexus Non-Metro Programme		
Cycling	0.213	0.144
Real Time Gateway	0.261	0.261
Wi-Fi	0.061	0.016
Ferry Works	0.395	0.193
Total Nexus Non Metro	0.930	0.614

2.4.2 The Metro Maintenance and Renewals Skills Centre, which will be reliant on £7m of Local Growth Fund grant has not yet received final approval from NECA. In the interim, expenditure on designing and developing the proposition, including the business case, is being met from Nexus' own resources.

2.4.3 It is planned to procure a concession for the utilisation of Nexus communications infrastructure with the provision of Wi-Fi facilities during 2017/18.

2.4.4 During 2016/17 following approval of its business case submission for the Real Time Gateway Project, Nexus delivered this project at Gateway locations in Northumberland, Durham and Tyne and Wear.

2.4.5 Non-Metro Capital Programme Financing

The following table sets out how the Nexus non-Metro capital programme for 2016/17 will be financed:

	Funding 2016/17
	£m
Grant	
Local Transport Plan (LTP)	0.077
Local Sustainable Transport Fund (LSTF)	0.261
Nexus Contribution	
Reserves	0.276
Total	0.614

2.5 Tyne Tunnels Capital Programme – 2016/17 Outturn

2.5.1 The majority of the Tyne Tunnels capital programme relates to the refurbishment of the Tyne Pedestrian and Cycle Tunnels (Phase 3 Improvement Works) (TPCT). Total expenditure during the year amounted to £1.956m, of which £1.826m related to TPCT works and £0.130m related to remaining activity on the New Tyne Crossing project.

2.5.2 During a significant part of 2016/17 the main TPCT activity to take place was the Environmental Clean by specialist contractors to remove or encapsulate asbestos-containing materials which had been used during the original construction of the

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tunnels. These works were essential to ensure the safety of both construction operatives and the public who will be using the tunnels in the future. During these works no other construction works were permitted to take place within the tunnels. The Environmental Clean was successfully completed in January 2017 and verified by independent consultants engaged by NECA.

- 2.5.3 The approved source of funding for the Tyne Tunnels capital programme is the Tyne Tunnels reserves. During 2016/17, a funding swap was agreed in order to maximise use of LGF grant during the year, so a total of £1.826m LGF was used to fund the TPCT works. A corresponding amount will be made available from the Tyne Tunnels reserves to fund LGF expenditure in future years.

2.6 Other Transport Grants – 2016/17 Outturn

	Original approved	Latest approved	Outturn	Variance
	£m	£m	£m	£m
Local Transport Plan (Less Metro ARP Local Contribution shown above)	11.309	11.685	11.534	(0.151)
North East Smart Ticketing Initiative	1.053	0.953	0.707	(0.246)
Total	12.362	12.638	12.241	(397)

- 2.6.1 Local Transport Plan (LTP) Integrated Transport Block grant is a flexible source of capital funding which is awarded to NECA by the DfT. This grant is paid out to NECA's constituent authorities and Nexus to deliver transport capital schemes, and is paid on a quarterly basis. In the case of Nexus, the grant provides match funding to the Metro Capital grant funding the Metro Asset Renewal Programme.
- 2.6.2 The variance against the programme relates to carry forward against the funding held for minor public transport schemes to be delivered in constituent local authorities. This funding will be used to deliver works during 2017/18, which is permitted under the grant conditions.
- 2.6.3 NECA acts as accountable body for the North East Smart Ticketing Initiative (NESTI) which is a programme of investment in smart ticketing infrastructure across the wider North East. The programme is delivered by Nexus and the works are funded by NESTI contributions held and managed centrally by NECA. The underspend against the programme in 2016/17 will be carried forward to the 2017/18 programme.

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2.7 Transport Capital Programme – 2017/18 Update

2.7.1 In January 2017 a base capital programme was approved by the Leadership Board which included £85.148m Transport projects, as set out in the table below. Elements of the programme have been revised following the outturn position, so the latest approved programme now totals £82.326. Expenditure at this early stage in the year totals £3.084m, which is in line with expectations and will increase significantly after the first quarter of the year, when claims from delivery partners are paid out. The projected outturn is estimated to be £78.731m.

2.7.2

	Original approved	Latest approved	Spend to P2	Projected Outturn
	£m	£m	£m	£m
Local Growth Fund Transport Schemes	29.728	22.908	0.000	22.908
Metro Asset Renewal Plan	41.686	45.011	2.699	41.363
Nexus Non-Metro Capital Programme	0.000	0.382	0.205	0.375
Tyne Tunnels	2.425	2.425	0.180	2.425
Other Transport Grants	11.309	11.660	0.000	11.660
Total	85.148	82.326	3.084	78.731

2.8 Local Growth Fund Transport Schemes – 2017/18 Update

2.8.1 At this stage in the year, no Transport projects have yet claimed from the LGF programme – claims are due at the end of the first quarter.

2.8.2 The forecast for 2017/18 has been revised since the original programme was agreed in January, and the latest estimated position is as set out in the table below. The overall total has reduced, due to some Transport schemes being removed from the programme and replaced with non-Transport LGF schemes.

At its meeting on 20 June, the Leadership Board approved various changes to the LGF programme, including:

- Scotswood Bridgehead, Newcastle – Removed from programme to fund East Pilgrim Street
- A1-A690 junction improvements, County Durham – Removed from programme to fund Integra 61, Bowburn

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- Park and Ride Corridor, Gateshead – Removed from programme to fund Gateshead Quays
- Central Station to Stephenson Quarter – Project revised with a saving used to help fund the East Pilgrim Street Programme.
- Inclusion of the East Pilgrim Street Programme

These changes are reflected in the latest approved programme for LGF transport schemes following approval by the Leadership Board. The latest approved programme now totals £22.908m with a projected forecast of the same amount.

Scheme	Approval Status	2017/18 Original Budget (£m)	2017/18 Forecast (£m)
Lindisfarne Roundabout	Approved	1.507	1.990
Northern Access Corridor Ph 2&3 Stage 2	Business Case	2.140	0.532
Northern Access Corridor Ph 2&3 Stage 1	Approved	0.000	0.308
Local Sustainable Transport Fund Package	Approved	1.000	1.297
A19 employment corridor access improvements (North Tyne)	Approved	2.764	2.652
A191 junctions including Coach Lane and Tyne View Park	Approved	0.000	0.010
Newcastle Central Station to Stephenson Quarter – Stage 2	Pipeline	0.600	0.000
Newcastle Central Station Gateway	Pipeline	0.000	0.300
A1056-A189 Weetslade roundabout improvements and A1-A19 link (A1058)	Approved	0.860	0.893

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Scotswood Bridgehead – Stage 2	Business Case	2.589	0.000
Scotswood Bridgehead – Stage 1	Approved	0.000	(0.045)
South Shields Transport Hub – Stage 2	Pipeline	3.903	3.000
Sunderland Low Carbon Zone	Approved	0.000	0.297
A1058 Coast Road	Approved	1.605	2.923
A167 Park and Ride corridor	Pipeline	4.000	0.000
Horden Rail Station	Approved	0.560	0.698
A185/A194/A19 (The Arches) – Stage 1	Approved	0.000	0.142
A185/A194/A19 (The Arches) – Stage 2	Pipeline	1.950	1.950
Metro Enhancements	Pipeline	3.500	3.500
A185 Port of Tyne Junction Improvements	Pipeline	0.000	0.389
Southern Portal Tyne Tunnel	Under Review	1.000	0.000
Blyth Cowpen Road	Approved	0.000	0.222
A19 North Bank Tyne (Swans) – Stage 2	Pipeline	1.750	1.750
A19/A189 Seaham Murton interchange	Pipeline	0.000	0.100
Total		29.728	22.908

2.9 Metro Asset Renewal Programme – 2017/18 Update

2.9.1 The Leadership Board approved the Metro Asset Renewal Plan (ARP) capital

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programme for 2017/18 in January 2017 totalling £41.686m. This is the eighth year of the eleven year ARP programme.

2.9.2 The requirement from DfT is that Nexus achieves at least a minimum level of expenditure and no more than a maximum level of expenditure in any one financial year (which for 2017/18 were set at £29.710m and £36.377m respectively). The 2017/18 capital budget therefore included an over-programming level of over 25%. The reasons for this approach to over-programming are described in more detail in paragraph 2.3.3.

2.9.3 At the end of the second of 13 periods (ending 27 May 2017), the Metro capital budget has been revised to £45.011m. The increase in the budget for this year is due to the re-profiling of individual projects, some of which were brought into the current year when the 2016/17 year was closed down, some of which will need to be moved into future years and some of which will be accelerated i.e. delivered earlier than previously planned. The budget now also includes the Killingworth Road Bridge replacement and the Metro Maintenance and Renewals Skills Centre (£5.1m). Examples of re-profiling include:

- i. Track works from Gateshead Stadium to South Shields which have been largely rescheduled to future years to allow for more efficient delivery of the scheme (£5.7m).
- ii. Radio and Rail Traffic Management projects, reflecting the need to reschedule elements of the programme into future years in order to successfully deliver these complex projects (£0.7m); and
- iii. Overhead Line, which has been reprofiled to future years to allow for delivery timescales of materials (£1.4m).

2.9.4 The £3.3m movement between the original budget for 2017/18 and the latest budget for 2017/18 can be summarised as follows:

	£m
Re-phasing from 2016/17, increasing 2017/18 budget	4.6
Accelerated projects (from 2017/18 to 2016/17), reducing 2017/18 budget	(0.1)
Re-phasing from 2017/18 to future years, reducing 2017/18 budget	(7.1)
Accelerated projects (from 2018/19 to 2017/18), increasing 2017/18 budget	-
Other changes (largely inclusion of Killingworth Road bridge funded by Highways Challenge funding)	5.9
Total	3.3

2.9.5 Expenditure as at the end of Period 2 is £2.699m. This represents 9% of the £29.710m minimum expenditure level required by DfT for this financial year.

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- 2.9.6 The latest forecast to the year end is now £41.363m; lower than budgeted largely because of reduced expenditure forecasts in the phasing of works relating to the Rail Traffic Management System and Replacement Point Motors projects.

An evaluation of remaining risks in the programme together with several options to undertake managed reprofiling of expenditure will ensure that the final outturn falls within the DfT's prescribed funding tolerance which, as previously indicated, is required to be at least £29.710m.

At this stage any variation in expenditure against the revised budget that is not forecast to be incurred in the current year will be carried forward into the 2018/19 programme.

- 2.9.7 To the end of the second four-week period of 2017/18, the following key projects have been progressed:

- Track renewal from Chillingham Road to St James Metro Station is largely complete – some further installation work on Byker Viaduct is to follow.
- Contractor mobilisation and material deliveries continue for the track renewal scheme from Northumberland Park to South Gosforth. The works will be delivered in summer 2017 – timed to align with the Killingworth Road bridge renewal.
- At Killingworth Road Bridge, service and cable diversion work has commenced with precast concrete units and steel deck components being manufactured off site. This project is scheduled for summer 2017, concurrently with track renewal work in the area to minimise impact on Metro services.
- Planning and outline design work for the next phase of track renewal and refurbishment from Gateshead to South Shields is continuing with work planned to commence in mid-2018.
- Work on Howdon Viaduct to provide new access walk ways is continuing – replacing old timbers with modern equivalents.
- Refurbishment works at Tyne Dock station are planned to commence in June.
- Other works are planned at Stadium of Light, Monkseaton, West Monkseaton, Cullercoats Shiremoor, Palmersville, Benton and Longbenton stations during 2017/18.
- Platform enhancements at South Gosforth and Central stations have been implemented, as an initial pilot to ensure compliance with the Rail Vehicle Accessibility Regulations. Development of a detailed rollout plan is underway.
- A 'prototype' fitment of new radio equipment to the first Metrocar has been undertaken and planning for the full fitment programme is progressing. Final

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completion of the scheme is now likely to be late 2017/18. The impact of delays on the Railway Traffic Management System (RTMS) is being evaluated although training and testing is progressing.

- The first phase of overhead line renewal is planned for July.
- The detailed design relating to the installation of multifunctional relays in the power supply system is being carried out. This will improve the resilience of Metro operations when faults occur.

2.9.8 Over the next 3 four week periods of 2017/18, the Metro ARP cost loaded programme shows the following expenditure profile, as detailed in Appendix A.

	Year to Date	Period 3 Forecast	Period 4 Forecast	Period 5 Forecast
	£m	£m	£m	£m
In period spend		1.92	3.76	4.27
Cumulative Spend	2.70	4.62	8.38	12.65

2.9.9 Forecast expenditure for 2017/18 is financed as follows:

	Latest Approved Funding 2017/18	Projected Funding 2017/18
	£m	£m
ARP		
Metro Rail Grant	29.739	29.739
Local contribution 10%		
- Local Transport Plan (LTP)	2.640	2.640
- Reserves	0.664	0.664
Over-programming	6.783	2.334
Total ARP	39.826	35.377
Other Schemes		
Highways Challenge Fund	4.496	4.496
Reserves	0.689	0.701
Other	0.000	0.789
Total – other Schemes	5.185	5.986
Total	45.011	41.363

2.10 **Nexus Non-Metro Capital Programme – 2017/18 Update**

2.10.1 The latest revised budget for 2017/18 is £0.382m, with forecast expenditure at £0.375m, as set out below:

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	Latest budget 2017/18	Projected Outturn 2017/18	Period 2 Spend 2017/18
	£m	£m	£m
Nexus Non-Metro Programme			
Cycling	0.069	0.071	0.042
Real Time	0.016	0.017	0.000
Wi-Fi	0.045	0.035	0.003
Ferry Works	0.252	0.252	0.160
Total Nexus Non Metro	0.382	0.375	0.205

2.10.2 It is planned to procure a concession for the utilisation of Nexus communications infrastructure with the provision of Wi-Fi facilities during 2017/18.

2.10.3 The following table sets out how the Nexus Non-Metro capital programme for 2017/18 will be financed:

	Latest Approved Funding 2017/18	Projected Funding 2017/18
	£m	£m
Grant		
Local Transport Plan (LTP)	0.077	0.077
Nexus Contribution		
Reserves	0.305	0.298
Total	0.382	0.375

2.11 Tyne Tunnels Capital Programme – 2017/18 Update

2.11.1 Since the completion of the Environmental Clean described in paragraph 2.5.2 above, the refurbishment works have now recommenced and include:

- Construction of reinforced concrete plinths to take the rails for the new inclined glass elevators;
- Installation of new support steelwork to replaced corroded steelwork to the lower landing areas;
- Installation of scaffolding to allow the installation of the support framework and cladding panels in the inclined shafts;
- Fabrication of bespoke concrete and steel paving and deck plates.

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- 2.11.2 This work will be followed by the installation of mechanical and electrical equipment prior to the installation of the inclined glass elevators which is due to commence in September. At this time it is envisaged that the works will be completed in the Spring of 2018. Until that time a shuttle bus will continue to operate between Howdon and Jarrow.

2.12 Other Transport Grants – 2017/18 Update

2.12.1

	Original approved	Latest approved	Spend to P2	Projected Outturn
	£m	£m	£m	£m
Local Transport Plan (Less Metro ARP Local Contribution shown above)	11.309	11.460	0.000	11.460
North East Smart Ticketing Initiative	0.000	0.200	0.000	0.200
Total	11.309	11.660	0.000	11.660

- 2.12.2 The revision to the budget is to update the figures to include carried forward grant from 2016/17 as described in section 2.

3. Reasons for the Proposals

- 3.1 The information contained within this report is provided to the Committee to enable it to fulfil its function of monitoring the NECA's transport capital programme, as delegated by the Leadership Board.

4. Alternative Options Available

- 4.1 This report is provided for information, and the Committee are recommended to note its contents.

5. Next Steps and Timetable for Implementation

- 5.1 The transport capital programme will be monitored for the remainder of the financial year and reported to the Committee at regular intervals, and the outturn position reported following the year end.

6. Potential Impact on Objectives

- 6.1 This report is for information, concerning the transport capital programme of the Authority which supports the meeting of its objectives.

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7. Financial and Other Resources Implications

- 7.1 The finance implications are set out in detail in the body of the report.

8. Legal Implications

- 8.1 The Authority has a duty to ensure it can deliver a balanced budget. The Local Government Act 2003 imposes a duty on an Authority to monitor its budgets during the year and consider what action to take if a potential deterioration is identified.

There are no legal implications arising from this report, which is for information.

9. Key Risks

- 9.1 Financial risks associated with the Authority's activities, and actions taken to mitigate these, will be factored into strategic risk management processes for the Combined Authority.

10. Equality and Diversity

- 10.1 There are no Equality and Diversity implications arising from this report.

11. Crime and Disorder

- 11.1 There are no Crime and Disorder implications arising from this report.

12. Consultation/Engagement

- 12.1 The Authority's capital programme for 2016/17 and 2017/18 comprise previously approved budgets which were subject to consultation as part of the approval process.

13. Other Impact of the Proposals

- 13.1 There are no other impacts arising from this report, which is for information.

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14. Appendices

14.1 Appendix A – Metro Asset Renewal Plan

15. Background Papers

15.1 Capital Programme 2017/18 – 17 January 2017

Capital Programme 2016/17 – 16 January 2016

16. Contact Officers

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17. Sign off

- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓

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Appendix A – Metro Asset Renewal Plan

Asset Category	Budgets					Forecasts			
	Original Approved Budget (DfT submission) 2017/18	Amended Programme 2017/18	Approved Programme 2018/19	Approved Programme 2019/2020	Total Budget 2017/18-2019/20	Period 2 Forecast 2017/18	Period 2 Forecast 2018/19	Period 2 Forecast 2019/20	Total Forecast 2017/18-2019/20
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Civils	1,213	1,657	432	3,200	5,289	1,808	2,230	1,450	5,489
Communications	2,745	3,409	1,953	15	5,377	3,123	2,044	58	5,225
Level Crossings	0	0	0	0	0	3	0	0	3
Mechanical & Electrical	480	579	80	80	739	559	80	80	719
Metro Cars	1,650	1,650	1,663	1,300	4,613	1,194	752	1,211	3,157
Miscellaneous	520	735	440	782	1,957	583	541	606	1,730
Project Management Costs	150	150	1,993	2,001	4,144	0	1,993	2,001	3,994
Overhead Line	3,655	3,171	4,766	3,384	11,321	3,102	2,495	3,051	8,648
Permanent Way	21,990	18,122	15,936	2,977	37,034	17,536	16,313	2,731	36,580
Plant	0	6	0	0	6	5	0	0	5
Power	0	148	0	69	217	129	0	0	129
Signalling	6,001	6,239	965	1,000	8,204	4,026	2,128	1,052	7,205
Stations	3,281	3,961	3,978	249	8,188	3,308	3,798	588	7,693
Total ARP Programme	41,686	39,826	32,205	15,058	87,089	35,377	32,374	12,827	80,578
Other Projects (Note 1)	0	5,186	1,040	340	6,565	5,986	7,635	0	13,621
TOTAL	41,686	45,011	33,245	15,398	93,654	41,363	40,009	12,827	94,198

Note 1

Other Projects include Metro Maintenance and Renewals Skills Centre. The forecast includes the full cost of the project although LGF funding has not yet been secured.

Transport North East Committee

Date: 13 July 2017

Subject: Revenue Budget 2016/17 Outturn and Revenue Budget 2017/18
Update

Report of: Chief Finance Officer

Executive Summary

The purpose of this report is to provide the Transport North East Committee with an update on the final outturn position in relation to the 2016/17 revenue budget and the first monitoring update on the 2017/18 programme. This is a requirement of the NECA constitution and is a function delegated to TNEC.

Recommendations

The Transport North East Committee is recommended to note the content of this report.

Transport North East Committee

1. Background Information

- 1.1 At its meeting held on 19 January 2016, the Combined Authority received a report from the Chief Finance Officer setting out the Authority's proposed base net budget for 2016/17 for Transport activity of £87.0m and total levies of £86.894m.
- 1.2 This report combines the year end outturn position for 2016/17 and an update on spend to the end of period 2 for 2017/18, the budget for which was agreed by the Leadership Board at its meeting held on 17 January 2017.

2. Proposals

2.1 Transport Revenue Budget 2016/17 Outturn

- 2.1.1 The table below summarises the net Transport Revenue Budget (i.e. the net cost to the North East Combined Authority after external income and direct government grants are taken into account) for 2016/17. Each element is set out in more detail in the following sections.

	2016/17 Original	2016/17 Revised	2016/17 Outturn
	£000	£000	£000
Transport Levy	(86,894)	(86,894)	(86,894)
Grant to Durham	15,435	15,414	15,414
Grant to Northumberland	6,329	6,293	6,293
Grant to Nexus	62,500	62,500	62,500
NECA Transport Retained budget	2,733	2,961	2,775
Contribution (to)/from NECA Reserves	103	274	88

- 2.1.2 The net budget was revised during the year to provide for additional costs relating to Devolution to be funded through a combination of drawing down the Tyne and Wear Transport reserve and contributions resulting from projected Transport Budget underspends in Durham and Northumberland. The outturn position was a drawdown of the Tyne and Wear Transport reserve of £88k, some £186k less than was budgeted for. This is set out in more detail in section 2.2 below.
- 2.1.3 Savings were also achieved in relation to Nexus, as set out in section 2.5, although this did not impact upon the grant paid to Nexus by the authority. The position on the ringfenced Tyne Tunnels account was also positive, with a small surplus being generated which is added to the reserve, set out in section 2.6.

Transport North East Committee

2.2 NECA retained Transport Levy budget 2016/17 Outturn

2.2.1 This budget relates primarily to activity inherited from the former Tyne and Wear ITA, as well as the cost of external audit and servicing Transport Committees which relate to the whole NECA area. The majority of the budget (82%) relates to financing charges on historic supported borrowing debt. Additionally, there is budget provision to pay for support services, other supplies and services and a repayment to the Tyne Tunnels for use of its reserves in 2013/14 which enabled repayment of the former Tyne and Wear ITA's pension deficit, thereby generating ongoing savings to the Authority.

2.2.2 The outturn at the year-end shows an improved position against the revised budget reported during the year, mainly because alternative sources of funding (namely the release of an element of NESTI balances held on behalf of constituent local authorities) were used to fund devolution costs, meaning that the amount to be drawn from reserves was less than anticipated.

2.2.3 The final outturn position was a deficit of £88k to be funded from the Tyne and Wear transport reserve, meaning that this reserve now amounts to £475k as at 31 March 2017.

2.2.4 The table below shows the final position for the year against this element of the budget.

	2016/17 Revised Budget	2016/17 Outturn	Variance
	£000	£000	£000
Support Services	230	201	(29)
Training, Travel and Subsistence	2	1	(1)
Independent Members' costs	5	4	(1)
Supplies and Services	33	16	(17)
Contribution to Devolution activity	387	273	(114)
Financing Charges	2,063	2,040	(23)
Repayment to Tyne Tunnels Reserves	240	240	-
Interest Income	(1)	-	1
Contribution from Levy	(2,687)	(2,687)	-
Contribution (to)/from Reserves	272	88	(184)

Transport North East Committee

2.3 Durham County Council Transport Levy budget 2016/17 Outturn

2.3.1 The 2016/17 outturn shows a budget overspend of £26k for the year. The main reason for the reported variance (outturn against original budget) is shown below:

- i. Concessionary Fares £7k under budget
- ii. Subsidised Services £2k under budget – results from underspends on anticipated extra services due to road works.
- iii. Bus Stations £28k over budget – this results from reductions in the rental income from Peterlee Kiosk.
- iv. Bus Shelters £49k over budget – this results from income target for advertising not being achieved.
- v. Passenger Transport Information £29k under budget – this results from underspends on computer budgets.
- vi. Staffing £34k under budget – this results from vacancy savings.
- vii. Share of NECA transport costs £21k over budget – agreement to fund devolution activity based on the estimated outturn at quarter 3 (£26k).

2.3.2 Expenditure to the year end is shown compared to the budget in the table below.

	2016/17 Revised Budget	2016/17 Outturn	Variance
	£000	£000	£000
Concessionary Fares	11,765	11,758	(7)
Subsidised Services	2,822	2,820	(2)
Bus Stations	142	170	28
Bus Shelters	(13)	36	49
Passenger Transport Information	88	59	(29)
Staffing	631	597	(34)
Share of NECA Transport Costs	5	26	21
Net Expenditure	15,440	15,466	26

Transport North East Committee

2.4 Northumberland County Council Transport Levy budget 2016/17 Outturn

2.4.1 The outturn position shows an underspend of £125k for the year. The main reason for the reported variances (outturn against original budget) is shown below:

- i) Concessionary Fares £152k under budget – Whilst the cost of reimbursement per passenger journey has increased due to modest fare increases, the total spend against this budget has reduced due to a circa 3% reduction in the total number of concessionary fare journeys made across Northumberland.
- ii) Subsidised Bus Services £30k over budget – The Council reviewed all of its contracts that did not offer value for money during 2015/16 and retendered some routes with alternative delivery models. A slight pressure remained within the budget but the unit worked with a major operator to reduce the subsidy on a major route. This benefit will be fully realised in 2017/18.
- iii) The underspend at the year-end is retained by Northumberland.

2.4.2

	Original Budget	2016/17 Outturn	Variance (Budget vs Outturn)
	£000	£000	£000
Concessionary Fares	4,833	4,681	(152)
Subsidised Bus Services	1,303	1,333	30
PT Information	3	0	(3)
Staffing	190	190	0
Net Expenditure	6,329	6,204	(125)

2.5 Nexus budget 2016/17 Outturn

2.5.1 Throughout 2016/17 Nexus has reported favourable variations in the forecast when compared to the budget deficit of £0.382m. The revenue outturn for the year ending 31 March 2017 shows a surplus before taxation of £1.130m, a positive variation of £1.512m.

2.5.2 The major variations between the original budget and the forecast outturn are set out in the table below:

	Net	2016/17	Variance
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Transport North East Committee

	Budget 2016/17	Outturn	
	£000	£000	£000
English National Concessionary Travel Scheme (ENCTS)	36,431	34,466	35
Discretionary Concessionary Travel (CT)	4,062	3,932	(130)
Metro	2,843	2,947	104
Ferry	1,524	1,349	(175)
Local Rail	202	187	(15)
Bus Services	12,447	12,476	30
Bus Infrastructure	2,452	2,290	(162)
Public Transport Information	1,572	1,724	151
Major Projects	1,349	493	(856)
Total Net Requirement	62,882	61,863	(1,019)
NECA Grant	(62,500)	(62,500)	0
Decrease / (Increase) in Usable Reserves	382	(637)	(1,019)
Transfer to Unusable Capital Reserve	0	(493)	(493)
Deficit / (Surplus)	382	(1,130)	(1,512)

2.5.3 English National Concessionary Travel Scheme (ENCTS) – (+£0.035m)

During period 3, the base ENCTS budget permanently reduced by £0.552m, which represented the level of clawback that Nexus invoked as per the ENCTS Agreements between Nexus and the three large bus operators in 2015/16. The increase in costs against the revised ENCTS budget of £0.035m represents an inflationary adjustment in respect of payments made to one bus operator during the year.

2.5.4 Discretionary Concessionary Travel (CT) Scheme – (-£0.130m)

The underspend against the discretionary CT budget is attributable to a combination of additional income relating to scholars passes, Gold Card and replacement CT passes which totalled £0.229m against budget. However, this increase was partially offset by a shortfall in revenue generated from Under 16 replacement cards and other minor cost variations totalling £0.099m.

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2.5.5 Metro Concession (+£0.167m)

An adjustment totalling £0.842m in respect of assets transferred to Nexus following the cessation of the Concession Agreement with DB Regio Tyne and Wear Limited (DBTW) has been made at the year end. The value of this adjustment would have been charged to Nexus across financial years 2017/18 and 2018/19 had DBTW continued to operate train services under the Concession Agreement so, in effect, represents an acceleration of an obligation that was already due. The cost of this adjustment has been largely funded by £0.657m of performance penalties levied against DBTW throughout the last year of the operating concession.

2.5.6 Metro Futures and Transition (+£0.585m)

Contained within the 2016/17 approved budget was a provision for £1.000m for the transition from DBTW to Nexus' own in-house operations, together with the development of the 'Metro Futures' programme (with any expenditure in excess of this provision, particularly relating to the 'Metro Futures' programme planned to be funded from reserves). Expenditure in 2016/17 in relation to 'Metro Transition' was £0.348m whilst expenditure in relation to Metro Futures was £1.237m.

However, because of the underspend against the Major Projects budget of £1.007m as detailed in the table above (and which is also explained at paragraph 2.5.15 in this report), it has been possible to accommodate all of the 'Metro Transition' and 'Metro Futures' expenditure incurred during the year from within the revenue budget.

2.5.7 High Voltage Power (-£0.650m)

The budget for high voltage power costs was originally set with regard to advice that the Government's programme of Electricity Market Reform (EMR) would have been introduced before the start of 2016/17, resulting in a substantial increase in power costs. However, there have been significant delays in the introduction of EMR to the extent that even at the end of 2016/17, charges are still not at the levels previously expected. The forecast for HV power was reduced by £0.300m during the year as a result.

Furthermore, the wholesale prices of electricity has also fallen and in addition, the mild winter has had a positive effect on energy consumption during the latter part of the year.

These factors combined have resulted in total costs for the year being £5.784m against a budget of £6.435m, a positive variation of £0.651m.

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2.5.8 Nexus Rail (-£0.204m)

A saving of £0.204m relating to unused risk contingency has accrued on this particular budget.

2.5.9 Ticketing and Gating (+£0.297m)

Towards the latter part of the year there was an upsurge in vandalism of Ticketing Vending Machines (TVMs) which has resulted in increased expenditure on spare parts and repairs. This has also prompted investment in additional security measures such as reinforcing bank vaults within the TVMs.

2.5.10 Metro Fare Revenue (-£0.091m)

Metro revenue for the year was £0.091m better than budget.

2.5.11 Ferry (-£0.175m)

A budget of £0.395m for repairs to the Ferry Landings was approved within the year. However, delays in the delivery of the programme have led to an underspend of £0.202m which will need to be expended in early 2017/18 when the outstanding works are completed.

In addition, increased maintenance and repair works on both ferries has been necessary, totalling £0.027m above the budgeted amount.

2.5.12 Local Rail (-£0.015m)

The saving in this budget represents a saving in consultancy costs within the year.

2.5.13 Bus Services (+£0.030m)

Income received from 'minimum cost' services i.e. where Nexus takes farebox risk was £0.149m below budget in 2016/17, reflecting a reduction in Secured Service passenger numbers.

The Bus Service expenditure budget included a provision for Nexus to develop the NECA Bus Strategy. However, given the protracted timescales in regards progress of the buses bill through parliament, this budget has been largely unused creating a saving of £0.148m against budget. Other minor variations total £0.015m.

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2.5.14 Bus Infrastructure and Public Transport Information (-£0.011m)

A reduction in contracted cleaning costs coupled with better than expected external income in respect of bus shelter repair and relocations has led to a £0.162m saving on the bus infrastructure budget.

However, these positive variations have been offset by additional costs relating to the provision of Public Transport information totalling £0.151m. These costs are in respect of additional liners, timetable information and electrical inspections at bus shelters.

2.5.15 Major Projects (-£0.856m)

A provision for the costs of Major Projects of £1.349m was made within the 2016/17 budget. This was intended to fund part of Nexus' contribution towards the Metro Maintenance and Renewals Skills Centre, the South Shields Interchange Project and the NTL Smart project.

However, only £0.493m has been expended this financial year, leaving an underspend of £0.856m which has been used to offset additional costs in 'Metro Futures' (as explained in paragraph 2.5.6) which would have been funded from reserves. The combined underspend in connection with the Metro Maintenance and Renewals Skills Centre, the South Shields Interchange Project and the NTL Smart project will be earmarked in Nexus' usable capital reserves and will therefore still be available in future years.

2.6 Tyne Tunnels revenue budget 2016/17 Outturn

2.6.1 The Tyne Tunnels are accounted for as a ring fenced account within the NECA budget, meaning that all costs relating to the tunnels are wholly funded from the tolls and Tyne Tunnels reserves, with no call on the levy or government funding at all.

2.6.2 Major variances against budget were on the Tolls Income and Contract Payments budgets. During the year, traffic levels at the Tyne Tunnels reduced significantly, which coincided with ongoing works being carried out by the Highways Agency at the Coast Road and A19 Junction, and the completion of works on the A1 which had given a temporary boost to Tunnel traffic. For NECA, reduced tolls income is offset by lower contract payments to the tunnels operator, TT2 Ltd, since their payments are determined by actual traffic levels.

2.6.3 The outturn at the year-end shows an improved position from when the revised budget was agreed in January. The final outturn position was a small surplus of £0.050m to be added to the Tyne Tunnels reserve, an improvement from the previously budgeted £0.160m deficit. This improvement was primarily due to

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savings in financing charges as set out in earlier reports. After contributions to the capital programme and other deductions from the reserve, the remaining level at 31 March 2017 is £25.993m.

2.6.4 The table below shows details of expenditure at the year-end against the 2016/17 budget.

	2016/17 Revised Budget	2016/17 Outturn	Variance
	£000	£000	£000
Tolls Income	(28,775)	(27,795)	980
Contract Payments	22,049	21,201	(848)
Employee Costs	37	35	(2)
Pensions	52	51	(1)
Support Services	90	74	(16)
Supplies and Services	35	47	12
Community Fund	10	0	(10)
Financing Charges	7,002	6,774	(228)
Interest/Other Income	(100)	(196)	(96)
Repayment from TWITA	(240)	(240)	-
Total contribution (to)/from reserves	160	(50)	(210)

2.7 Transport Revenue Budget – Update Period 2, 2017/18

2.7.1 At this early stage in the year, overall forecast expenditure is anticipated to be within budget with no unanticipated costs arising to date. The forecast is that the budget will largely breakeven, with a small contribution to reserves of £8k, in line with the budget set in January. The net Transport Revenue Budget is summarised in the table below, with each line explained in more details in the following sections.

	2017/18 Original	2017/18 Revised	Actual to P2
	£000	£000	£000
Transport Levy	(84,744)	(84,744)	(14,124)
Grant to Durham	15,447	15,447	2,575
Grant to Northumberland	6,217	6,217	1,036
Grant to Nexus	60,890	60,890	10,148
NECA Transport Retained budget	2,152	2,152	297
Contribution (to)/from NECA Reserves	(8)	(8)	(63)

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2.8 NECA retained Transport Levy budget 2017/18 Update

2.8.1 A substantial reduction in the annual budget for financing charges takes effect from 2017/18, which results from changes made by the Authority in the method used to calculate its Minimum Revenue Provision – the amount set aside from the revenue budget for the repayment of historic debt. This has enabled a reduction of circa £0.500m in the NECA retained Transport Levy budget, contributing to an overall reduction in the levy on constituent local authorities in excess of £2.000m.

2.8.2 The table below shows expenditure to the end of Period 2 compared to the budget for the year set in January 2017 and the forecast for 2017/18. At this stage there are no variances forecast against the budget set at the beginning of the year.

	2017/18 Original Budget	2017/18 Forecast	Spend to Date
	£000	£000	£000
Support Services	243	243	-
Training, Travel and Subsistence	3	3	-
Members Allowances	5	5	1
Supplies and Services	22	22	1
Devolution costs/Contingency	110	110	-
Financing Charges	1,529	1,529	255
Repayment to Tyne Tunnels Reserves	240	240	40
Contribution from Levy	(2,160)	(2,160)	(360)
Contribution (to)/from Reserves	(8)	(8)	(63)

2.9 Durham County Council Transport Levy budget 2017/18 Update

2.9.1 At this early stage in the year, there are no indications that there will be any material underspends or overspends in 2017/18. Any projected underspend at the year-end will be retained by Durham County Council.

2.9.2 The table below sets out expenditure to date (end of May 2017) against the original budget and forecast for the year.

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	2017/18 Original Budget	2017/18 Forecast	Spend to Date
	£000	£000	£000
Concessionary Fares	11,738	11,738	1,523
Subsidised Services	2,850	2,850	(175)
Bus Stations	144	144	96
Bus Shelters	19	19	8
Passenger Transport Information	89	89	82
Staffing	637	637	93
Share of NECA Transport Costs	5	5	-
Net Expenditure	15,482	15,482	1,627

2.10 Northumberland County Council Transport Levy budget 2017/18 Update

2.10.1 The latest forecast indicates that expenditure will break even for the year for both Concessionary Fares and Subsidised Bus Services.
The main areas of expenditure operated by Northumberland are:

- i) Concessionary Fares – Although claims from operators are received monthly all adjustments to reimbursement rates are made quarterly to ensure that operators are being reimbursed with an accurate overall rate.
- ii) Subsidised Bus Services – The Council supports a range of socially necessary bus services, mainly in the rural North and West areas of the County but also some in the more urban South East.

2.10.2

	Original Budget £'000	Spend to Date £'000	Forecast to year end £'000
Concessionary Fares	4,722	702	4,722
Subsidised Bus Services	1,304	(308)	1,304
PT Information	28	0	28
Staffing	163	27	163
Net Expenditure	6,217	421	6,217

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2.11 Nexus budget 2017/18 Update

2.11.1 When approving Nexus' revenue budget for 2017/18, the Leadership Board approved use of £1.610m of reserves in order that Nexus could set a balanced budget. This allowed Nexus to maintain frontline services despite a £1.610m reduction in the grant it receives from the NECA. This is possible because of a combination of permanent savings that were achieved in the previous financial year and further efficiencies within 2017/18.

2.11.2 A significant development for Nexus is that, on 1st April 2017, over 500 employees transferred into a newly formed subsidiary company, North East Metro Operations Limited (NEMOL), from DB Regio Tyne and Wear Limited (DBTW), whose concession for operating the Metro system expired on the same day. The costs for the subsidiary are reported through Nexus' financial review and are included in the 'Metro' service line.

2.11.3 Position as at Period 2 Update

Since the Leadership Board agreed the budget in January, two "one-off" budget increases for 2017/18 have been agreed totalling £0.278m. The revised budget deficit is therefore £1.888m. The budget increases are:-

- a budget of £0.261m to accommodate Ferry landing repairs at North and South Shields. This budget was rolled over from the previous financial year as a result of delays in procurement and the start date of necessary repair works; and
- a budget of £0.017m to accommodate additional cash collections at Metro stations. This has been necessary because of the recent spate of thefts from Ticket Vending Machines.

As at the end of period 2 of 2017/18, a deficit of £0.843m is forecast against the revised budget, a positive variance of £1.045m against the revised budget. The major variations between the budget and the forecast outturn are set out below:-

2.11.4 Concessionary Travel

A positive surplus of £0.599m is forecast within the Concessionary Travel budget due to the two year negotiated settlements with the three large bus operators, effective from 1 April 2017 to 31 March 2019 being lower than budget. This is significant in the context of Nexus' Medium Term Financial Planning because the saving extends into 2018/19 i.e. it will be a permanent base budget reduction.

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2.11.5 Metro

The base budget included a provision for High Voltage Power of £6.811m. This was based on information supplied to Nexus by Npower during the budget setting process which estimated growth in the price of electricity.

However, whilst an element of growth is still expected compared to the previous year, the 2016/17 electricity price actually fell rather than increased. At this stage it is therefore considered reasonable to reduce the forecast by £0.500m to reflect current pricing and consumption forecasts.

Following a recent tendering exercise, Nexus has renewed all insurances (including NEMOL where appropriate) and the renewal premia is £0.062m lower than the base budget.

Significant savings have already been captured in Metro's base budget (as per the budget agreed by the Leadership Board in January 2017) as a result of Metro operations returning to Nexus. This is estimated at £0.689m, largely reflecting the fact that NEMOL is expected to be able to accommodate a reduction in the payment that would otherwise have been made to DBTW under the terms of the Concession Agreement, had it been extended wef 1 April 2017. As things currently stand, significant savings are expected in the senior management team at NEMOL following a restructuring of the team post TUPE. Whether these savings will enable NEMOL to deliver further reductions in the cost of Metro Services is too early to determine because it is apparent that cost pressures exist in fleet engineering, customer services and train operations. As a result of this uncertainty, at this stage, there has been no adjustment to the forecast outturn in respect of Metro Services.

2.11.6 Support Services

Based on the 2016/17 outturn it has been considered reasonable to downturn expectations by £0.074m with regards to the level of commission received from third parties for selling their products. Various other cost pressures totalling £0.042m have been reported during the period.

2.11.7

The table below, which replicates the format used in the Leadership Board budget report from January 2017, provides the Committee with a summary of Nexus' budget position as at the end of period 2. The table shows Nexus' main service areas after support services and other indirect costs have been allocated.

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Service Area	2017/18 Budget £m	2017/18 Forecast £m	Variation £m
ENCTS	35.750	35.243	(0.507)
Discretionary CT	4.707	4.618	(0.089)
Metro	4.226	3.747	(0.479)
Ferry	1.476	1.473	(0.003)
Local Rail	0.182	0.190	0.008
Bus Services	12.614	12.644	0.030
Bus Infrastructure	1.919	1.910	(0.009)
Public Transport Information	1.905	1.909	0.003
TOTAL REQUIREMENT	62.778	61.733	(1.045)
NECA GRANT (LEVY)	(60.890)	(60.890)	0.000
(SURPLUS) / DEFICIT	1.888	0.843	(1.045)

2.12 Tyne Tunnels revenue budget 2017/18 Update

2.12.1 The forecast for Tolls Income and Contract Payments has been further revised downwards to reflect the experience of the previous financial year. As described in section 2.6.2 above, this will have little overall impact on NECA since a decrease in tolls income is offset by a decrease in contract payments. Other budgets are not currently forecasting any significant variances at this early stage in the financial year.

2.12.2 The table below sets out expenditure to the end of period 2 against the budget set in January 2017.

	2017/18 Original Budget	2017/18 Forecast	Spend to Date
	£000	£000	£000
Tolls Income	(28,000)	(26,960)	(4,419)
Contract Payments	21,400	20,360	3,245
Employee Costs	32	32	2
Pensions	53	53	8
Support Services	90	90	-
Supplies and Services	35	35	3
Community Fund	10	10	-
Financing Charges	6,778	6,778	-
Interest/Other Income	(75)	(75)	(3)
Repayment from TWITA	(240)	(240)	(40)
Total contribution (to)/from reserves	83	83	(1,204)

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3. Reasons for the Proposals

- 3.1 The information contained within this report is provided to the Committee to enable it to fulfil its function of monitoring the NECA's transport budget, as delegated by the Leadership Board.

4. Alternative Options Available

- 4.1 The report is provided for information, and the Committee are recommended to note its contents.

5. Next Steps and Timetable for Implementation

- 5.1 The transport revenue budget will be monitored for the remainder of the financial year and reported to the Committee at regular intervals, and the outturn position reported following the year end.

6. Potential Impact on Objectives

- 6.1 This report is for information, concerning the transport revenue budget of the Authority which supports the meeting of its objectives.

7. Financial and Other Resources Implications

- 7.1 The finance implications are set out in detail in the body of the report.

8. Legal Implications

- 8.1 The Authority has a duty to ensure it can deliver a balanced budget. The Local Government Act 2003 imposes a duty on an Authority to monitor its budgets during the year and consider what action to take if a potential deterioration is identified.

There are no legal implications arising from this report, which is for information.

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9. Key Risks

- 9.1 Financial risks associated with the authority's activities, and actions taken to mitigate these, will be factored into strategic risk management processes for the Combined Authority.

10. Equality and Diversity

- 10.1 There are no Equality and Diversity implications arising from this report.

11. Crime and Disorder

- 11.1 There are no Crime and Disorder implications arising from this report.

12. Consultation/Engagement

- 12.1 The Authority's revenue budgets for 2016/17 and 2017/18 comprise previously approved budgets which were subject to consultation as part of the approval process.

13. Other Impact of the Proposals

- 13.1 There are no other impacts arising from this report, which is for information.

14. Appendices

- 14.1 None

15. Background Papers

- 15.1 Budget 2017/18 and Transport Levies – 17 January 2017
Budget 2016/17 and Transport Levies – 16 January 2016

16. Contact Officers

- 16.1 John Fenwick, Director of Finance and Resources, Nexus,
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Transport North East Committee

17. Sign off

- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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